

25 March 2024

Despatch of Retail Entitlement Offer Materials and Notice of Meeting

Sovereign Cloud Holdings Limited (**AuCloud** or the **Company**) (ASX:SOV) is pleased to advise that the retail offer booklet attached and personalised entitlement and acceptance forms relating to the retail component of its 2.95 for 1 pro-rata accelerated renounceable entitlement offer announced by AuCloud on Monday 18 March 2024 (**Retail Entitlement Offer**) have been dispatched today to eligible retail shareholders. The **attached** letter to ineligible retail shareholders was also despatched to ineligible retail shareholders today.

The retail entitlement offer booklet and personalised entitlement and acceptance forms are also available for download from: <https://events.miracle.com/sov-offer> and were released to ASX today.

Eligible retail shareholders are encouraged to carefully read the retail entitlement offer booklet for further details regarding the Retail Entitlement Offer.

The Retail Entitlement Offer is now open and will close at 5.00pm (Sydney time) on Wednesday, 10 April 2024. Application monies must be received prior to this time in accordance with the Retail Entitlement Offer Booklet and the personalised Entitlement and Acceptance Form.

For further information regarding the Retail Entitlement Offer, eligible retail shareholders should contact the offer information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) at any time from 8:30am to 5:30pm (AEDT) Monday to Friday during the offer period.

Despatch of Notice of Extraordinary General Meeting

The Company is further pleased to advise that it has today despatched to shareholders notice of its upcoming Extraordinary General Meeting (**EGM**). The EGM is scheduled to be held at 10:00am (Brisbane time) on Wednesday, 24 April 2024 at the offices of Pitcher Partners, Level 38, 345 Queen St, Brisbane City QLD 4000.

The purpose of the EGM is to seek shareholder approval for:

1. the issue of consideration shares in connection with the proposed acquisitions announced on 18 March 2024;
2. the issue of securities under the Company's Long Term Incentive Plan (**LTIP**);
3. the issue of options to the Company's CEO and Managing Director, Peter Maloney, under the LTIP;
4. the Company's proposed consolidation of its share capital so that every 10 fully paid ordinary shares in the Company become 1 fully paid ordinary share with effect from 1 June 2024; and
5. a proposed amendment to the Company's Constitution to permit wholly virtual members' meetings.

Further information relating to the EGM is provided in the Notice of Meeting released to ASX today. These documents are also available to view and download from AuCloud's website.

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the **US Securities Act**), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. AUCloud does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

This ASX announcement was authorised for release by Peter Maloney, Chief Executive Officer and Managing Director.

Further information, please contact:

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Company Secretary
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About AUCloud

AUCloud is an Australian owned and operated Cyber Security Managed Security Service Provider (MSSP) and Sovereign Cloud Service (IaaS) specialist that supports Australian Governments, Critical National Industries (CNIs) with the latest sovereign cloud infrastructure, backup and cyber security threat defence and response services. AUCloud solutions enable customers to benefit from sovereign data protection with the scale, automation, elasticity and lower costs typically associated with global cloud offerings.

AUCloud's Sovereign Cloud Service (IaaS) and Cyber Security Solutions are underpinned by a range of security certifications, including "Certified Strategic" on Digital Transformation Agency's Hosting Certification Framework (HCF), assessed to the PROTECTED controls of the Australian Signals Directorate's (ASD) Information Security Manual (ISM) through to the Australian Cyber Security Centre's Cloud Assessment and Authorisation Framework (CAAF), inclusive of the Information Security Registered Assessors Program (IRAP) certification and ISO 27001. This provides AUCloud's customers with confidence that their data is secure and that services are delivered to the highest standards.

Accelerated Renounceable Pro-Rata Entitlement Offer

Retail Offer Booklet

Sovereign Cloud Holdings Limited
ACN 622 728 189

2.95 for 1 pro-rata renounceable entitlement offer of fully paid ordinary shares in the Company at an Offer Price of \$0.03 per New Share.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. If you have any questions, please call your stockbroker, solicitor, accountant, financial adviser, taxation adviser or other independent professional adviser or the shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

The Retail Entitlement Offer closes at 5:00pm (Sydney time) on 10 April 2024 (unless extended). Valid applications must be received before that time.

IMPORTANT NOTICE

Defined terms and abbreviations used in this Retail Offer Booklet are set out in the glossary in Section 5.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Offer Booklet has been prepared and issued by Sovereign Cloud Holdings Limited (ACN 622 728 189) (**Company**) and is dated 25 March 2024. This Retail Offer Booklet relates to the Retail Entitlement Offer which is part of the entitlement offer by the Company of New Shares to raise gross proceeds of up to \$30.0 million.

The Retail Entitlement Offer is made pursuant to section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), which allow entitlement offers to be made to investors without a prospectus. This Retail Offer Booklet is not a prospectus or product disclosure statement under the Corporations Act and has not been lodged with ASIC. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other disclosure document under the Corporations Act. As a result, it is important for you to read and understand the publicly available information on the Company and the Retail Entitlement Offer prior to deciding whether to accept your Entitlement and/or apply for Additional Shares including the Company's announcements on ASX.

Neither the Lead Manager nor its related bodies corporates or affiliates, nor its directors, officers, partners, employees, representatives, contractors, consultants, agents or advisers (together, the **Lead Manager Parties**) has authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on any statement made by the Lead Manager or by any Lead Manager Party. To the maximum extent permitted by law, each Lead Manager Party expressly disclaims all duties and liabilities (including for fault, negligence and negligent misstatement) in respect of, and makes no representations or warranties regarding, and takes no responsibility for, any part of this Retail Offer Booklet or any action taken by you on the basis of the information in this Retail Offer Booklet, and makes no representation or warranty as to the fairness, currency, accuracy, reliability or completeness of this Retail Offer Booklet.

Note to Applicants

The information contained in this Retail Offer Booklet is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Retail Offer Booklet carefully and in full before deciding whether to accept your Entitlement and/or apply for Additional Shares. This Offer Booklet is not a prospectus, product disclosure statement or other disclosure document under the Corporations Act and has not been lodged with ASIC. In considering an investment in the Company, you should consider the risks that could affect the financial performance or position of the Company. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek

professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risks that should be considered by prospective investors are set out in the Investor Presentation. There may be risk factors in addition to these that should be considered in the light of your personal circumstances.

No person named in this Retail Offer Booklet, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors.

Your right to acquire Shares under the Retail Entitlement Offer is not transferrable. Eligible Retail Shareholders should carefully read and follow the instructions in Section 1 and in the accompanying personalised Entitlement and Acceptance Form (as defined below) when making the decision whether to accept your Entitlement (and apply for Additional Shares).

Obtaining a copy of this Retail Offer Booklet

Eligible Retail Shareholders will receive a copy of this Retail Offer Booklet together with an accompanying personalised Entitlement and Acceptance Form. Eligible Retail Shareholders in Australia and New Zealand can also obtain a copy of this Retail Offer Booklet (free of charge) during the Retail Entitlement Offer Period from the Company's website at <https://www.austriacloud.com.au/> or by calling the shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday during the Retail Entitlement Offer Period. Shareholders in other jurisdictions (including the United States), or who are, or are acting for the account or benefit of, a person in the United States are not entitled to access the electronic version of this Retail Offer Booklet. Eligible Retail Shareholders who access the electronic version of this Retail Offer Booklet on the Company's website should ensure they download and read the entire Retail Offer Booklet. The electronic version of the Retail Offer Booklet on the Company's website will not include a personalised Entitlement and Acceptance Form.

Statements of past performance

Past performance and pro forma financial information included in this Retail Offer Booklet is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Retail Offer Booklet is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Retail Offer Booklet may be '*non-IFRS financial information*' under Regulatory Guide 230

Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios (if any) included in this Retail Offer Booklet.

Financial information

The Investor Presentation sets out the financial information referred to in the Retail Offer Booklet. All dollar values are in Australian dollars unless noted otherwise (**\$** or **AU\$**), rounded to the nearest \$0.1 million and financial data is presented as at or for the financial year ended 30 June 2023 unless stated otherwise. Refer to Appendix A in the Investor Presentation for key assumptions and basis of preparation. Any discrepancies between totals and sums of components in tables contained in this Retail Offer Booklet are due to rounding.

Forward looking statements

This Retail Offer Booklet contains forward looking statements which are identified by words such as *'may'*, *'could'*, *'believes'*, *'estimates'*, *'expects'*, *'intends'* and other similar words that involve risks and uncertainties. Any forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Accordingly, such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Retail Offer Booklet will actually occur and prospective investors are cautioned against placing undue reliance on these forward-looking statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in the Investor Presentation, as well as the other information in this Retail Offer Booklet.

The Company has no intention to update or revise forward looking statements, regardless of whether new information, future events or any other factors affect the information contained in this Retail Offer Booklet, except where required by law.

No cooling-off period

No cooling off rights apply to applications submitted under the Retail Entitlement Offer.

Entitlements trading Entitlements not taken up under the Retail Entitlement Offer and Entitlements of Ineligible Retail Shareholders will be sold into a bookbuild for the Retail Entitlement Offer. Any Retail Premium (if any) you receive in respect of the Entitlements will be remitted as a cash payment to you.

Company website

Any references to documents included on the Company's website at <https://www.australiacloud.com.au/> are for convenience only, and none of the documents or other information available on the Company's website are incorporated herein by reference.

Defined terms and time

Capitalised terms and abbreviations used in this Retail Offer Booklet have the meanings given to them in the Glossary. Unless otherwise stated or implied, references to times in this Retail Offer Booklet are to Sydney, Australia time.

Disclaimer

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Retail Offer Booklet.

As set out in Section 1, it is expected that the New Shares will be quoted on ASX. The Company, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade New Shares before receiving their holding statements.

Selling restrictions

This Retail Offer Booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares, or the Retail Entitlement Offer, or to otherwise permit an offering of New Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Retail Offer Booklet outside Australia and New Zealand may be restricted by law and persons who come into possession of this Retail Offer Booklet outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or to US Persons unless the New Shares are registered under the US Securities Act, or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States to non-US Persons in "offshore transactions", as defined and in compliance with Regulation S under the US Securities Act.

For further detail please see the Foreign Selling Restrictions set out in Section 4.4.

Privacy

By filling out the personalised Entitlement and Acceptance Form to apply for New Shares (and Additional Shares, if applicable), you are providing personal information to the Company through the Company's Share Registry, Link Market Services, which is contracted by the Company to manage applications. The Company, and the Share Registry on its behalf, may collect, hold and use that

personal information in order to process your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the personalised Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process or accept your application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Company's issued securities and for associated actions.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its members) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory set out on the last page of this Retail Offer Booklet.

Summary of the Entitlement Offer and Key Dates

Summary of Entitlement Offer

Ratio	2.95 New Shares for every 1 existing Share held
Offer Price for New Shares	\$0.03 per New Share
Size	Up to 1,001.2 million New Shares
Gross Proceeds	Up to \$30.0 million
Underwriting	The Entitlement Offer is partially underwritten by the Lead Manager to the amount of \$26.6 million and the Company may raise up to a further \$3.4 million which is not underwritten.

Key Dates

Event	Date
Announcement of the Entitlement Offer	18 March 2024
Record date for Retail Entitlement Offer (7.00pm (Sydney time)) (Record Date)	21 March 2024
Retail Offer Booklet and personalised Entitlement and Acceptance Forms despatched, and announcement of despatch	25 March 2024
Retail Entitlement Offer opens	25 March 2024
Closing Date for the Retail Entitlement Offer (5:00pm (Sydney time)) ¹	10 April 2024
Retail Shortfall Notification	11 April 2024
Retail Shortfall Bookbuild	12 April 2024
Announcement of results of Retail Entitlement Offer	15 April 2024
Settlement of the Retail Entitlement Offer	17 April 2024
Allotment of New Shares issued under the Retail Entitlement Offer	18 April 2024
Normal trading on ASX for New Shares issued under the Retail Entitlement Offer commences	19 April 2024
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	22 April 2024
Issue of Consideration Shares under the Acquisitions	30 April 2024

Dates and times in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Retail Entitlement Offer without prior notice, including extending the Retail Entitlement Offer or accepting late applications under the Retail Entitlement Offer, either generally or in particular cases, or to withdraw the Retail Entitlement Offer or part of the Retail Entitlement Offer without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. The commencement of quotation of New Shares is subject to confirmation from ASX. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been submitted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens to ensure their application is received by the Company's Share Registry in time.

¹ Eligible Retail Shareholders who wish to take up all or a part of their Entitlement must complete and return their personalised Entitlement and Acceptance Form and pay their Application Monies via BPAY[®] or ETF (for Eligible Retail Shareholders in New Zealand only) by following the instructions set out on the personalised Entitlement and Acceptance Form so that they are received by the Company's Share Registry by no later than 5.00pm (Sydney time) on 10 April 2024. Eligible Retail Shareholders should refer to Section 2 for options available to them to deal with their Entitlement.

Enquiries

Before making a decision about investing in the Retail Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs. If you have any questions on how to:

1. complete your personalised Entitlement and Acceptance Form;
2. take up the New Shares offered to you under the Retail Entitlement Offer, either in full or in part; or
3. take up your full Entitlement and apply for Additional Shares,

please call the shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above. Alternatively, if you have the Shareholder Reference Number or Holder Identification Number for your holding(s), you can download a replacement form from the Share Registry's secure website at <https://events.miraql.com/SOV-offer>.

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Letter from the Chair

25 March 2024

Dear Shareholder

As a valued Shareholder, I am pleased to invite you to participate in a 2.95 for 1 pro-rata renounceable entitlement offer of New Shares at an Offer Price of \$0.03 per New Share.

On 18 March 2024, the Company announced that its wholly owned subsidiary had entered into binding acquisition agreements to acquire the following:

- (a) the Arado Business, being a cloud and managed services business;
- (b) the entire issued share capital of PCG Cyber, a Canberra based cybersecurity consultancy firm specialising in Australian Government security advice and operations; and
- (c) the entire issued share capital of Venn IT, a Queensland and South Australian based MSP, backup and private cloud provider servicing customers in the mining, financial services, education, and distribution sectors.

Please refer to the ASX announcement of 18 March 2024 for further information on these Acquisitions.

Reasons for the Entitlement Offer

The aggregate gross proceeds of the Entitlement Offer (up to \$30.0 million) will largely be deployed to fund the upfront cash consideration of the Acquisitions and working capital requirements of the Company.

Please refer to the Investor Presentation included in Section 3 of this Retail Offer Booklet for further information on the Acquisitions and the Company's proposed use of the funds raised under the Entitlement Offer.

Retail Entitlement Offer

The Entitlement Offer comprises:

- an institutional component (**Institutional Entitlement Offer**); and
- a retail component (**Retail Entitlement Offer**).

The Institutional Entitlement Offer raised gross proceeds of approximately \$21.0 million. Settlement of the Institutional Entitlement Offer will take place on 27 March 2024, with approximately 560 million New Shares issued under the Institutional Entitlement Offer to commence trading on 28 March 2024.

The Retail Entitlement Offer is expected to raise a minimum of \$5.6 million and up to a maximum of \$9.0 million.

This Retail Offer Booklet relates to the Retail Entitlement Offer and the New Shares to be issued under it. The Offer Price of \$0.03 per New Share under the Retail Entitlement Offer is the same issue price paid by institutional investors under the Institutional Entitlement Offer. New Shares issued under either component of the Entitlement Offer will rank equally with existing Shares.

The Offer Price represents a 9.2% discount to the theoretical ex-rights price² of \$0.033 and a 26.8% discount to the last closing price of \$0.041 per Share on 15 March 2024.

² The Theoretical Ex-Rights Price (TERP) is the theoretical price at which the Company's Shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which the Company's Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to the Company's closing price of \$0.041 on 18 March 2024 and is based on the Entitlement Offer being partially underwritten to the amount of \$26.6m.

The Entitlement Offer is partially underwritten to \$26.6 million by the Lead Manager. The Company may raise up to a further \$3.4 million which is not underwritten.

Substantial Shareholder NEXTDC (which currently holds 33.6% of the Company's share capital) has committed to acquire up to \$12.6 million of New Shares as part of their entitlements and/or under sub-underwriting arrangements in relation to the Retail Entitlement Offer.

In addition, the Company has received binding commitments from certain directors to take up their entitlements either in full or in part or to sub-underwrite the Entitlement Offer.

After completion of the Institutional Entitlement Offer there is a remaining \$5.6 million of sub-underwriting commitments for the Retail Entitlement Offer.

Details of your Entitlement

Eligible Retail Shareholders are entitled to subscribe for 2.95 New Shares for every 1 existing Share held at 7:00pm (Sydney time) on the Record Date, being 21 March 2024.

Eligible Retail Shareholders may also apply for Additional Shares at the Offer Price. Additional Shares will only be allocated to Eligible Retail Shareholders if available and if and to the extent that the Company so determines, in its absolute discretion. The Company may elect to scale-back applications for Additional Shares in its absolute discretion.

Retail Entitlement Offer closes at 5:00pm (Sydney time) on 10 April 2024.

If you would like to take up your Entitlement (in part or full), you will need to pay your Application Monies using BPAY® or EFT (for Eligible Retail Shareholders in New Zealand only) so that they are received by the Company's Share Registry by 5:00 pm (Sydney time) on 10 April 2024.

Further information

Further information on the Retail Entitlement Offer is detailed in this Retail Offer Booklet and the Investor Presentation included in Section 3. You should read the entirety of this Retail Offer Booklet carefully before deciding whether to participate in the Entitlement Offer and consult your stockbroker, solicitor, accountant, financial adviser or professional adviser before making your investment decision. An investment in the Company and the New Shares is speculative and subject to a range of risks, which are more fully detailed in the Investor Presentation in Section 3. If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

If you have any questions in respect of the Retail Entitlement Offer, please call the shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

On behalf of the Directors and management team of the Company, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



Cathie Reid

Chair
Sovereign Cloud Holdings Limited

1. Details of the Retail Entitlement Offer and how to apply

1.1 The Retail Entitlement Offer

Eligible Retail Shareholders (as defined in Section 5) are being offered the opportunity to subscribe for 2.95 New Shares for every 1 existing Share held at the Record Date being 7:00pm (Sydney time) on 21 March 2024, at the Offer Price of \$0.03 per New Share.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement under the Retail Shortfall Facility (**Additional Shares**). The allocation of any Additional Shares will be limited to the extent that there are sufficient New Shares available from Eligible Retail Shareholders who do not take up their full Entitlement. Additional Shares will be allocated by the Company, in its absolute discretion. The Company may scale-back Applications for Additional Shares in its absolute discretion, and may in its absolute discretion allocate New Shares to the sub-underwriters to the Entitlement Offer in addition to Eligible Retail Shareholders, which will reduce the number of New Shares available for allocation under the Retail Shortfall Facility. In particular, the Company may scale-back Applications for Additional Shares if the allotment of Additional Shares would result in a Shareholder holding a Relevant Interest (as that term is defined in the Corporations Act) in 20% or more of the Shares on issue.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and will rank equally with existing Shares on issue.

Please consider the Retail Entitlement Offer in the light of your particular investment objectives and circumstances.

1.2 Underwriting and sub-underwriting arrangements

The Entitlement Offer, comprised of the Retail Entitlement Offer and Institutional Entitlement Offer, is partially underwritten by the Lead Manager up to an amount of \$26.6 million. The Company and the Lead Manager have entered into an Underwriting Agreement, the key terms of which are set out in Section 2.5 and on Page 25 of the Investor Presentation.

Substantial Shareholder NEXTDC (which currently holds 33.6% of the Company's share capital) has committed to acquire up to \$12.6 million of New Shares as part of their entitlements and/or under sub-underwriting arrangements in relation to the Retail Entitlement Offer.

In addition, the Company has received binding commitments from certain directors to take up their entitlements either in full or in part or to sub-underwrite the Entitlement Offer.

After completion of the Institutional Entitlement Offer there is a remaining \$5.6 million of sub-underwriting commitments for the Retail Entitlement Offer.

1.3 Your Entitlement

Your Entitlement is set out in the accompanying personalised Entitlement and Acceptance Form and has been calculated as 2.95 New Shares for every 1 existing Share you hold as at the Record Date. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Any fractional entitlements will be rounded up to the nearest whole number of New Shares.

If you decide to take up all or part of your Entitlement, or apply for Additional Shares, please refer to the personalised Entitlement and Acceptance Form and apply for New Shares (and

Additional Shares, if applicable) pursuant to the instructions set out on the personalised Entitlement and Acceptance Form.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims.

1.4 Nominees

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compliant with applicable foreign laws. Any person that is in the United States or is a US Person with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States or a US Person.

The Company assumes no obligation to advise you on any foreign laws.

1.5 No Rights Trading

Entitlements not taken up under the Retail Entitlement Offer and entitlements of Ineligible Retail Shareholders will be sold into a bookbuild for the Retail Entitlement Offer (**Retail Shortfall Bookbuild**).

If the amount per New Share realised in the Retail Shortfall Bookbuild exceeds the Offer Price, the excess, less expenses and any applicable withholding tax (**Retail Premium**), will be paid pro rata to each Ineligible Retail Shareholder and to each Eligible Retail Shareholder to the extent they did not accept their Entitlement under the Retail Entitlement Offer in full. However, there is no guarantee that any such Shareholder will receive any proceeds as a result of the Retail Shortfall Bookbuild.

Any Retail Premium (if any) you receive in respect of the Entitlement will be remitted as a cash payment to you.

1.6 Risks

As with any securities investment, there are risks associated with investing in the Company. Having regard to the risks applicable to the Company and its business, Eligible Retail Shareholders should be aware that an investment in the New Shares offered under this Retail Offer Booklet should be considered speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, you should read this Retail Offer Booklet in its entirety, in particular the specific risks associated with an investment in the Company (detailed in the Investor Presentation in Section 3 of this Retail Offer Booklet) and should consider all factors in light of your personal circumstances and seek appropriate professional advice.

1.7 Options available to you

If you are an Eligible Retail Shareholder, you may take any one of the following options:

Option	Action
Take up all of your Entitlement	If you take up and pay for all of your Entitlement in accordance with the instructions below, before the close of the Retail Entitlement Offer, you will be issued your New Shares on 18 April 2024.
Take up none or part of your Entitlement and allow the balance to lapse	<p>If you do not take up your Entitlement or any part of your Entitlement, your Entitlement or part thereof, will be offered for sale for your benefit through the Retail Shortfall Bookbuild. If the amount per New Share realised in the Retail Shortfall Bookbuild exceeds the Offer Price of \$0.03, the excess, less expenses and any applicable withholding tax, will be paid pro rata to each Ineligible Foreign Shareholder and each Eligible Retail Shareholder to the extent they did not accept their Entitlement under the Retail Entitlement Offer in full. However, there is no guarantee that you will receive any proceeds as a result of the Retail Shortfall Bookbuild.</p> <p>Any Entitlements not acquired under the Retail Shortfall Bookbuild will lapse.</p> <p>You should note that if you do not take up all of your Entitlement, then your percentage holding in the Company will be diluted by your non-participation in the Retail Entitlement Offer.</p>
Take up all of your Entitlement and also apply for Additional Shares in excess of your Entitlement	<p>If you take up and pay for all your Entitlement, before the close of the Retail Entitlement Offer, you will be issued your New Shares on 18 April 2024.</p> <p>If you apply for Additional Shares in excess of your Entitlement, subject to Additional Shares being available and the Company's discretion to scale-back your allocation of Additional Shares, you will also be issued with these Additional Shares on 18 April 2024. The Company's decision on the number of Additional Shares to be allocated to you will be final.</p> <p>Other than to the extent that Additional Shares are issued to you, any surplus Application Monies received for more than your Entitlement will be refunded after the close of the Retail Entitlement Offer on or around 10 April 2024 (except for where the amount is less than \$5, in which case it will be donated to a charity chosen by the Company). Refunds will be made by electronic funds transfer or, where the Company does not hold bank account details for you, by sending a cheque in the post to the address the Company records on its share register for you on or around the Retail Allotment Date, as applicable. No interest will be paid to Eligible Retail Shareholders on any Application Monies received or refunded (wholly or partially).</p>

1.8 Eligible Retail Shareholders

The Retail Entitlement Offer is only available to Eligible Retail Shareholders, who are those holders of Shares who:

- 1.8.1 are registered as a holder of Shares as at the Record Date;
- 1.8.2 have an address on the Company share register in Australia or New Zealand and any other jurisdiction determined by the Company as at the Record Date;

- 1.8.3 are not in the United States or a US Person or acting for the account or benefit of a person in the United States or a US Person;
- 1.8.4 did not receive an offer (other than as nominee) under the Institutional Entitlement Offer (or if such an invitation was received, it was subsequently revoked by the Company), and were not treated as an ineligible institutional Shareholder under the Institutional Entitlement Offer; and
- 1.8.5 are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.

Shareholders who do not satisfy each of these criteria are Ineligible Retail Shareholders. See Section 1.9 for further details on Ineligible Foreign Shareholders.

The Company may (in its absolute discretion) extend the Retail Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws).

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder and is therefore able to participate in the Retail Entitlement Offer, or an Ineligible Retail Shareholder and is therefore unable to participate in the Retail Entitlement Offer. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

The Retail Entitlement Offer is not being extended to any Shareholders outside Australia and New Zealand, unless otherwise determined by the Company. By making a payment by BPAY or EFT (for Eligible Retail Shareholders in New Zealand only), you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

The Company may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

1.9 Ineligible Foreign Shareholders

The Company has decided that it is unreasonable to make offers under the Retail Entitlement Offer to Shareholders who are holders of Shares and who have registered addresses outside Australia and New Zealand (**Ineligible Foreign Shareholders**), having regard to the number of such holders in those places and the number and value of Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. As a result, these Shareholders will not be able to participate in the Retail Entitlement Offer, unless otherwise determined by the Company. Instead, the Entitlements of Ineligible Foreign Shareholders will be offered for sale for their benefit through the Retail Shortfall Bookbuild. If the amount per New Share realised in the Retail Shortfall Facility exceeds the Offer Price of \$0.03, the excess, less expenses and any applicable withholding tax, will be paid pro rata to each Ineligible Foreign Shareholder and each Eligible Retail Shareholder to the extent they did not accept their Entitlement under the Retail Entitlement Offer in full.

1.10 How to apply

If you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional Shares in excess of your Entitlement, please pay your Application Monies via BPAY or EFT (for Eligible Retail Shareholders in New Zealand only).

The Company will treat you as applying for as many New Shares as your payment will pay for in full up to your full Entitlement. Amounts received by the Company in excess of your full Entitlement (**Excess Amount**), will be treated as an application for as many Additional Shares as your Excess Amount will pay for in full, subject to any scale-back that the Company may determine to implement in its absolute discretion in respect of Additional Shares.

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5:00pm (Sydney time) on 10 April 2024.

1.11 Payment methods

1.11.1 Payment by BPAY

For payment by BPAY, please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions. Please note that should you choose to pay by BPAY:

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

When completing your BPAY payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e., where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements when paying by BPAY, you will be deemed to have taken up your Entitlement and applied for Additional Shares over and above your Entitlement on that holding to which that CRN applies and your applications in respect of your other CRNs will be deemed to have been renounced and will be sold into the Retail Shortfall Bookbuild.

Should you choose to pay by BPAY it is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 10 April 2024. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. The Company takes no responsibility for any failure to receive Application Monies or payment by BPAY before the Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

1.11.2 **Payment by EFT (for Eligible Retail Shareholders in New Zealand only)**

For payment by EFT, please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the EFT details). Please note that should you choose to pay by EFT:

- (a) you need to submit the personalised Entitlement and Acceptance Form in accordance with the instructions on your personalised Entitlement and Acceptance Form; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

Should you choose to pay by EFT it is your responsibility to ensure that your EFT payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 10 April 2024. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. The Company takes no responsibility for any failure to receive Application Monies or payment by EFT before the Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

1.12 **Confirmation of your Application and managing your holding**

You may access information on your shareholding, including your Record Date balance and the issue of New Shares or Additional Shares from this Retail Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the share registry website <https://events.miraqle.com/SOV-offer>. To access the share registry, you will need your Security Reference Number (**SRN**), or Holder Identification Number (**HIN**) as shown on your Issuer Sponsored or CHESS statements and you will need to pass the security requirements on the site.

Entitlement and Acceptance Forms and Application Monies will not be accepted at the Company's corporate offices, or other offices of the Share Registry.

1.13 **ASX quotation and trading**

The Company will apply for quotation of the New Shares under the Retail Entitlement Offer on ASX. While the Company is not aware of any reason why quotation would be denied, there is no assurance that the application will be granted. If quotation is not granted, New Shares under the Retail Entitlement Offer will not be issued, and Application Monies will be refunded to Applicants without interest.

The fact that ASX may grant quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company, or the New Shares issued under the Entitlement Offer.

It is expected that the quotation and trading of New Shares issued under the Retail Entitlement Offer will commence on or about 19 April 2024 (on a normal settlement basis).

Holding statements for the New Shares are expected to be sent in accordance with ASX Listing Rules on or around 22 April 2024. It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Any Applicant who sells New Shares before receiving their confirmation of issue will do so at their own risk. The Company, the Share Registry and the Lead Manager disclaims all liability in tort (including negligence), statute or otherwise, to any person who trades in New Shares before receiving their confirmation of

issue, whether on the basis of a confirmation of issue provided by the Company, the Share Registry or the Lead Manager, or otherwise.

1.14 CHES

The New Shares will participate from the date of commencement of quotation in the Clearing House Electronic Sub-Register System (**CHES**), operated by ASX Settlement Pty Limited. These securities must be held in uncertificated form (i.e., no certificate will be issued) on the CHES sub-register under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored sub-register. Arrangements can be made at any subsequent time following quotation to convert your holdings from the issuer-sponsored sub-register to the CHES sub-register under sponsorship of a sponsoring participant or vice versa, by contacting your sponsoring participant.

1.15 No withdrawal or cooling-off rights

You cannot withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares.

The Company reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Shares to Eligible Retail Shareholders, in which case the Company will refund any Application Monies already received in excess of \$10 in accordance with the Corporations Act and will do so without interest being payable to applicants.

1.16 Warranties made on acceptance of the Retail Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting:

- 1.16.1 acknowledge that you have fully read and understood both this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Retail Offer Booklet and the Entitlement and Acceptance Form;
- 1.16.2 agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet and the Company's Constitution;
- 1.16.3 authorise the Company to register you as the holder(s) of New Shares issued to you;
- 1.16.4 declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- 1.16.5 declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- 1.16.6 acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your Application or funds provided except as allowed by law;
- 1.16.7 agree to apply for and be issued with up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, including, in each case, any Additional Shares, at the Offer Price per New Share;

- 1.16.8 authorise the Company, the Lead Manager, the Share Registry and any of their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- 1.16.9 declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- 1.16.10 acknowledge that the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances;
- 1.16.11 acknowledge that this Retail Offer Booklet and your Entitlement and Acceptance Form is not a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- 1.16.12 acknowledge that you have read and understood the risks set out in the Investor Presentation and that investments in the Company are subject to a high degree of risk;
- 1.16.13 acknowledge that none of the Company, the Lead Manager, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Company, nor do they guarantee the repayment of capital;
- 1.16.14 agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- 1.16.15 authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- 1.16.16 represent and warrant (for the benefit of the Company, the Lead Manager and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee (or if you did receive such an invitation, it was subsequently revoked by the Company), and that you are not an Eligible Institutional Shareholder under the Institutional Entitlement Offer;
- 1.16.17 represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares (or Additional Shares); and
- 1.16.18 represent and warrant that your acceptance of the Entitlement Offer does not breach any laws in a jurisdiction outside Australia or New Zealand or any other applicable jurisdiction.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Retail Shareholder or otherwise eligible to participate in the Retail Entitlement Offer and:

- 1.16.19 you are not in the United States or a US Person;

- 1.16.20 you and each person on whose account you are acting are not in the United States or a US Person, and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements or New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- 1.16.21 the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and, accordingly, the New Shares may not be offered or sold in the United States or to US Persons, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- 1.16.22 understand and acknowledge that the New Shares may only be sold outside the United States to non-US Persons in 'offshore transactions' (as defined in and in compliance with Regulation S under the US Securities Act);
- 1.16.23 you and each person on whose account you are acting have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or any US Person, or a person that is acting for the account or benefit of a person in the United States or a US Person, or elsewhere outside Australia or New Zealand;
- 1.16.24 if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form (i) is resident in Australia or New Zealand and (ii) is not in the United States or a US Person, or elsewhere outside Australia or New Zealand.

1.17 Further information

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

If you have any questions on how to:

- complete your personalised Entitlement and Acceptance Form; or
- take up the New Shares offered to you under the Retail Entitlement Offer, either in full or in part; or
- take up your full Entitlement and apply for Additional Shares,

please call the shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

2. Purpose and Effect of the Entitlement Offer

2.1 Use of proceeds

The Company is seeking to raise a minimum of \$26.6 million and up to \$30.0 million under the Entitlement Offer (with approximately \$21.0 million of that amount raised under the Institutional Entitlement Offer) before fees and costs of the Entitlement Offer. The Entitlement Offer is partially underwritten to \$26.6 million by the Lead Manager. The Company may raise up to a further \$3.4 million which is not underwritten.

The Entitlement Offer may raise gross proceeds of up to \$30.0 million, which will largely be deployed to fund the upfront cash consideration of the Acquisitions and working capital requirements of the Company. Further details of the use of proceeds are set out in the Investor Presentation in Section 3.

2.2 Acquisitions and Consideration Shares

Acquisitions

As announced on 18 March 2024, the Company (via its wholly owned subsidiary) has entered into binding acquisition agreements to acquire the following:

- **Arado:** the Arado Business, being a cloud and managed services business;
- **PCG Cyber:** the entire issued share capital of PCG Cyber, a Canberra based cybersecurity consultancy firm specialising in Australian Government security advice and operations; and
- **Venn IT:** the entire issued share capital of Venn IT, a Queensland and South Australian based MSP, backup and private cloud provider servicing customers in the mining, financial services, education, and distribution sectors.

Please refer to the ASX announcement of 18 March 2024 and the Investor Presentation in Section 3 of this Retail Offer Booklet for further information on these Acquisitions.

Consideration Shares

Under the Acquisition Agreements, the Buyer has agreed to pay the sellers the aggregate consideration of up to \$30.0 million (subject to customary purchase price adjustments) which is comprised of approximately \$18.275 million cash, \$8.85 million worth of Shares (**Consideration Shares**), \$0.875 million of deferred cash consideration payable 180 days after completion of the Acquisitions and up to \$2.0 million in cash subject to achieving certain performance milestones.

The number of Consideration Shares to be issued to the sellers under the Acquisitions will be determined by dividing \$8.85 million by the issue price of Shares, which is calculated as the lower of the 14-day VWAP of the Shares prior to completion of the applicable Acquisition and the Offer Price under the Entitlement Offer.

Based on an issue price for Consideration Shares at the Offer Price of A\$0.03, the sellers would be issued with 295 million Consideration Shares (in aggregate). The number of Consideration Shares may change if the 14-day VWAP of the Shares prior to completion of the applicable Acquisition is lower than A\$0.03, in which case the 14-day VWAP will be the issue price of the Consideration Shares and the number of Consideration Shares will change based on the formula described above.

Completion of the Acquisitions is subject to certain conditions including that the Company obtains Shareholder approval for the purpose of ASX Listing Rule 7.1 for the Company to issue the Consideration Shares to the sellers under the Acquisitions. As such, the Company is holding a general meeting on 24 April 2024 (**EGM**) in order to seek Shareholder approval for the issue of the Consideration Shares. If such approval is obtained, the Company will issue the Consideration Shares to the sellers on completion of the Acquisitions which is currently expected to take place on 30 April 2024.

2.1 Historical and pro forma financial position

Page 11 of the Investor Presentation at section 3 of this Retail Offer Booklet sets out the Company's reviewed consolidated statement of financial position as at 31 December 2023 together with an unaudited pro forma statement of financial position as at 31 December 2023 giving effect to the Entitlement Offer and the Acquisitions (together the **Financial Information**).

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in the Company's annual report (**Annual Report**) prepared in accordance with the applicable accounting standards and therefore cannot be expected to provide as full an understanding of the financial position of the Company as a statement of financial position in the Annual Report.

The Financial Information as at 31 December 2023 has been derived from the Company's Half Year Report for the period ending 31 December 2023 which was released to the market on 27 February 2024.

The Pro Forma Balance Sheet is indicative only and is not intended to be a statement of the Company's current or future financial position.

2.2 Capital structure

A table setting out the effect of the Entitlement Offer and the issue of Consideration Shares on completion of the Acquisitions on the capital structure of the Company is set out below:

	Minimum Offer (\$26.6m)		Maximum Offer (\$30.0m)	
	Number of Shares	Number of Options	Number of Shares	Number of Options
As at the Record Date	339,400,672	6,413,327	339,400,672	6,413,327
As at the Record Date (fully diluted)	345,813,999		345,813,999	
On completion of the Entitlement Offer	1,227,427,400	6,413,327	1,340,632,655	6,413,327
On completion of the Entitlement Offer (fully diluted)	1,233,840,727		1,347,045,982	
On completion of Entitlement Offer and issue of Consideration Shares ^{1,2}	1,522,427,400	83,326,652	1,635,632,655	88,326,652
On completion of Entitlement Offer and issue of Consideration Shares (fully diluted)	1,605,754,052		1,723,959,307	

1. Assumes Consideration Shares are issued at the Offer Price.
2. The Company intends to complete a one-off grant of Options representing up to approximately 5% of the expanded share capital to senior management of the Company shortly following completion of the Acquisitions. Vesting of the options will be subject to the achievement of prescribed performance hurdles for FY23 and continued employment with the Company for three years from the grant date. This table is prepared on the assumption these options have been issued following completion of the Acquisitions and that 750,000 options have been issued to certain employees on completion of the PCG Acquisition.
3. Inconsistencies between the figures contained in this table and the investor presentation announced on 18 March 2024 due to rounding of Options.

The Company is also seeking shareholder approval at the EGM to be held on 24 April 2024 for the consolidation of the Company's share capital on a 1 for 10 basis with effect from 1 June 2024.

2.3 Effect on control

Eligible Retail Shareholders should note that if they do not participate in the Retail Entitlement Offer, their holdings will be diluted.

If all Entitlements were accepted by Eligible Retail Shareholders to the full extent, then the Entitlement Offer itself will not result in any material change to the control of the Company.

The potential effect the Entitlement Offer will have on the control of the Company and the consequences of that effect will depend on a number of factors, including the extent to which Eligible Retail Shareholders take up their Entitlements and any Additional Shares and how the Retail Offer Shortfall is allocated (if at all).

NEXTDC (which currently holds 33.6% of the Company's share capital) has committed to acquire up to \$12.6 million of New Shares as part of their entitlements and under sub-underwriting arrangements in relation to the Retail Entitlement Offer.

In addition, the Company has received binding commitments from certain of its directors to take up their entitlements either in full or in part or to sub-underwrite the Offer. Directors and their related entities have provided upfront binding commitments of \$15.7 million in the form of the take up of entitlements and sub-underwriting of the Offer.

Given the structure of the Entitlement Offer being a pro rata accelerated renounceable entitlement offer together with the Company having received binding take up and sub-underwriting commitments representing approximately 52% of total New Shares offered under the Entitlement Offer and with the Entitlement Offer being underwritten by Ord Minnett Limited to an amount of \$26.6 million, the issue of New Shares under the Entitlement Offer is not expected to have a material effect on the control of the Company. However, if NEXTDC are required to subscribe for New Shares under their sub-underwriting commitment, their shareholding in the Company could increase to a maximum of 36.3% following the Entitlement Offer.

Potential Dilution

The maximum number of New Shares which may be issued under the Entitlement Offer and Consideration Shares that may be issued under the Acquisitions, is set out below:

Offers ³	No of securities	Percentage of issued share capital at completion of the Entitlement Offer and Acquisitions, assuming maximum raised (undiluted)	Percentage of issued share capital at completion of the Entitlement Offer and Acquisitions, assuming maximum raised (fully diluted) ¹
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Entitlement Offer – New Shares	1,001,231,983	61.2%	58.1%
Consideration Shares²	295,000,000	18.0%	17.1%
Total	1,296,231,983	79.2%	75.2%

1. Fully diluted assumes all existing options have been exercised and if applicable, been exercised.

2. Assumes Consideration Shares are issued at the Offer Price.

3. This table is prepared on the basis that 74 million Options have been issued under the Company's new long term incentive plan including 37 million Options to Peter Maloney which assumes Shareholder approval of those Options has been obtained at the EGM and on the basis that 750,000 options have been issued to certain employees on completion of the PCG Acquisition

Directors interests in securities

The table below sets out the number of securities of the Company in which the Directors have a relevant interest (including interests of their associated entities) as at the Record Date and following completion of the Entitlement Offer and Acquisitions, assuming Directors take up their full committed entitlements and sub-underwriting arrangements.

Minimum Offer (\$26.6m)¹

Director	Shares held as at the Record Date	Options held at the Record Date	Shares held following the Entitlement Offer and Acquisitions (undiluted basis)³	Options held following the Entitlement Offer and Acquisitions	Percentage holding immediately following the Entitlement Offer and Acquisitions (undiluted basis)
Cathie Reid	63,923,946	-	130,590,612	-	8.6%
Peter Maloney	10,000,000	1,500,000	34,553,084	35,500,000	2.3%
Phil Dawson	6,934,000	1,350,340	6,934,000	1,350,340	0.5%
Ross Walker	4,527,506	-	17,883,649	-	1.2%
Craig Scroggie²	-	-	-	-	0.0%

1. Table prepared on the basis that 69 million Options have been issued under the Company's new long term incentive plan including 34 million to Peter Maloney which assumes Shareholder approval of those Options has been obtained at the EGM and on the basis that 750,000 options have been issued to certain employees on completion of the PCG Acquisition.

2. Craig Scroggie is the Chief Executive Officer and Managing Director of substantial shareholder, NEXTDC. Please refer to the table further below for NEXTDC's holding in the Company.

3. Assumes that each of Cathie Reid, Peter Maloney and Ross Walker are allocated the full amount of their sub-underwriting commitment under the Retail Entitlement Offer.

Maximum Offer (\$30.0m)¹

Director	Shares held as at the Record Date	Options held at the Record Date	Shares held following the Entitlement Offer and Acquisitions (undiluted basis) ³	Options held following the Entitlement Offer and Acquisitions	Percentage holding immediately following the Entitlement Offer and Acquisitions (undiluted basis)
Cathie Reid	63,923,946	-	130,590,612	-	8.0%
Peter Maloney	10,000,000	1,500,000	34,553,084	38,500,000	2.1%
Phil Dawson	6,934,000	1,350,340	6,934,000	1,350,340	0.4%
Ross Walker	4,527,506	-	17,883,649	-	1.1%
Craig Scroggie²	-	-	-	-	0.0%

1. Table prepared on the basis that 74 million Options have been issued under the Company's new long term incentive plan including 37 million options to Peter Maloney which assumes Shareholder approval of those Options has been obtained at the EGM and on the basis that 750,000 options have been issued to certain employees on completion of the PCG Acquisition.
2. Craig Scroggie is the Chief Executive Officer and Managing Director of substantial shareholder, NEXTDC.
3. Assumes that each of Cathie Reid, Peter Maloney and Ross Walker are allocated the full amount of their sub-underwriting commitment under the Retail Entitlement Offer.

Substantial Shareholders

The table below sets out the number of Shares and voting power held by the substantial Shareholders of the Company (Shareholders who hold relevant interests in 5% or more of the voting shares) before and after the Entitlement Offer and issue of Consideration Shares under the Acquisitions, based on the pre-commitments received under the Institutional Entitlement Offer and assumes the maximum number of Shares that the Directors and their related entities may hold if they take up their sub-underwriting allocations in full.

Shareholder	As at the Record Date		Maximum post Entitlement Offer ^{1,2,3}		Maximum post Entitlement Offer and Consideration Shares ⁴	
	# Shares	Voting Power	# Shares	Voting Power	# Shares	Voting Power ⁵
NEXTDC	114,084,469	33.6%	396,084,469	<36.6% ³	534,084,469	35.1%
Cathie Reid	63,923,946	18.8%	130,590,612	12.0%	130,590,612	8.6%
Canopy Tools	-	-	-	-	116,666,667	5.5%
PCG Cyber	-	-	-	-	83,333,333	7.7%

1. Assumes that no funds are raised under the Entitlement Offer other than the sub-underwriting commitments
2. NEXTDC has agreed to take up 100% of its entitlement, representing \$10.1 million. NEXTDC has also committed to assume \$2.5 million of any Shortfall from the Retail Entitlement Offer (via a sub-underwriting commitment). However, to ensure that its shareholding does not increase in breach of Chapter 6 of the Corporations Act 2001, a portion of NEXTDC's entitlement will settle on the settlement date for the Retail Entitlement Offer and the balance of NEXTDC's entitlement and any Retail Shortfall Shares allocated to NEXTDC will settle following completion of the Acquisitions.

3. Entities associated with Cathie Reid renounced their entitlements under the Entitlement Offer and provided \$2.0 million of support via a sub-underwriting commitment to the Retail Entitlement Offer.
4. Assumes that Shareholder approval is obtained at the EGM for the purposes of ASX Listing Rule 7.1 for the Company to issue the Consideration Shares and that the Consideration Shares are issued at the Offer Price.
5. This table is prepared on the basis that the 74 million Options have not been issued under the Company's new long term incentive plan.

2.4 Risks

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows, growth prospects and share price. The key risk factors are set out in the Investor Presentation included in Section 3.

2.5 Underwriting

The Entitlement Offer is lead managed and partially underwritten to the amount of \$26.6 million by the Lead Manager pursuant to an underwriting agreement dated 18 March 2024 (**Underwriting Agreement**).

A summary of the key terms of the Underwriting Agreement is provided in Page 25 of the Investor Presentation.

The Underwriting Agreement contains certain customary:

- conditions precedent that must be satisfied or waived before the Lead Manager is obliged under the Underwriting Agreement to, among other things, underwrite the Entitlement Offer;
- representations and warranties relating the Entitlement Offer and the Company's operations, in favour of the Lead Manager and an indemnity for the Lead Manager with respect to loss suffered in connection with the Entitlement Offer; and
- undertakings in favour of the Lead Manager including in relation to providing updates to the Lead Manager of any material new information which may impact the Entitlement Offer.

The Underwriting Agreement is subject to generally customary termination events, with the key termination events summarised in Page 25 of the Investor Presentation. If the Lead Manager terminates the Underwriting Agreement in accordance with its terms, the Lead Manager will be released from its obligations under the Underwriting Agreement.

The Lead Manager will receive fees for managing and underwriting the Entitlement Offer as set out below:

- an underwriting fee equal to 1.5% of the proceeds raised under the underwritten component of the Entitlement Offer;
- a management and selling fee equal to 4.50% of the proceeds raised under the Institutional Entitlement Offer, less any proceeds contributed by the Excluded Parties;
- a management and selling fee equal to 4.50% of that part of the proceeds raised under the Retail Entitlement Offer that settle on the Retail Settlement Date (17 April 2024) less any proceeds contributed by Excluded Parties; and
- a management fee equal to 1.5% of the proceeds raised from any Retail Shortfall Shares acquired by NEXTDC.

The Lead Manager will also be reimbursed by the Company for certain expenses incurred in relation to the Entitlement Offer. The Company has also agreed to indemnify the Lead Manager and certain affiliated parties from any losses suffered by those parties in connection with the Entitlement Offer.

Certain existing Shareholders have entered into agreements to sub-underwrite the shortfall arising under the Entitlement Offer, in addition to commitments to take up their entitlements under the Entitlement Offer in full or in part, as follows:

- NEXTDC (which currently holds 33.6% of the Company's share capital) has committed to acquire up to \$12.6 million of New Shares as part of their entitlements and/or under sub-underwriting arrangements in relation to the Retail Entitlement Offer under the terms of a sub-underwriting letter; and
- Catherine Reid (Chair), Peter Maloney (Managing Director and Chief Executive Officer) and Ross Walker (Non-executive Director) have committed to take up their entitlements under the Institutional Entitlement Offer in full or in part and/or to sub-underwrite part of the Retail Entitlement Offer, under the terms of sub-underwriting letters.

The commitment letters and sub-underwriting letters are on standard market terms for documents of this nature.

If the Lead Manager exercises its right to terminate the Underwriting Agreement as a result of a termination event, the above sub-underwriting arrangements and commitments with NEXTDC and the Company's Directors will also be terminated.

2.6 Reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by it.

In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

2.7 Rights and liabilities attaching to Shares

Immediately after issue and allotment, the New Shares being offered under the Entitlement Offer will be fully paid and will rank *pari passu* with the Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and are summarised below. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Company's Constitution, free of charge.

Each Share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;

- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- subject to the Corporations Act and ASX Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied by a special resolution of Shareholders in accordance with the Corporations Act.

3. Investor Presentation



Sovereign Cloud Holdings Limited

INVESTOR PRESENTATION

Acquisitions and Equity Raising

18 March 2024

Important Notices & Disclaimer



This presentation has been prepared by Sovereign Cloud Holdings Limited ACN 622 728 189 (SOV or the **Company**) and is dated 18 March 2024.

This presentation contains summary information about the Company, its associated entities, and the proposed acquisitions as at the date of this presentation (unless otherwise stated) and has been prepared in relation to a proposed offer of fully paid ordinary shares in the Company (**New Shares**) (**Offer**).

Ord Minnett Limited ACN 002 733 048 is the bookrunner, lead manager and underwriter to the Offer (**Lead Manager**).

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Important Notices & Disclaimer (Cont.)



Future Performance

This document contains certain forward looking statements and comments about future events including the Company's expectations about the Acquisitions, the performance of the SOV group, and forecast financial information for SOV and the Targets (including MergeCo) following completion of the Acquisitions.

Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "estimate", "goals", "aims", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward-looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies, and other factors, many of which are outside the control of the Company, are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct, and which may cause the actual results or performance of the Company to be materially different from any results or performance expressed or implied by such forward-looking statements. As such, any forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

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The non-IFRS financial information does not have a standardised meaning prescribed by IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this presentation.

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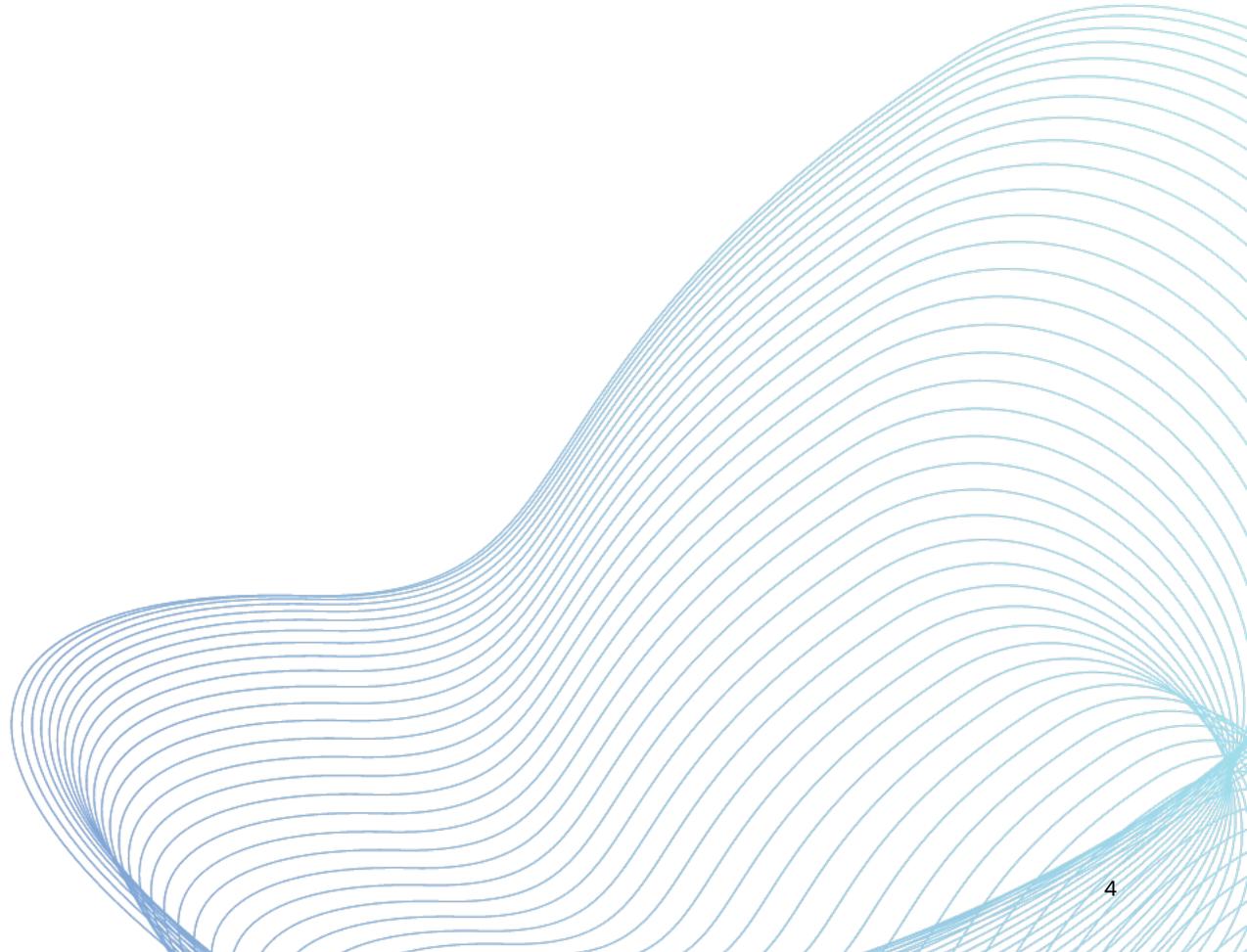
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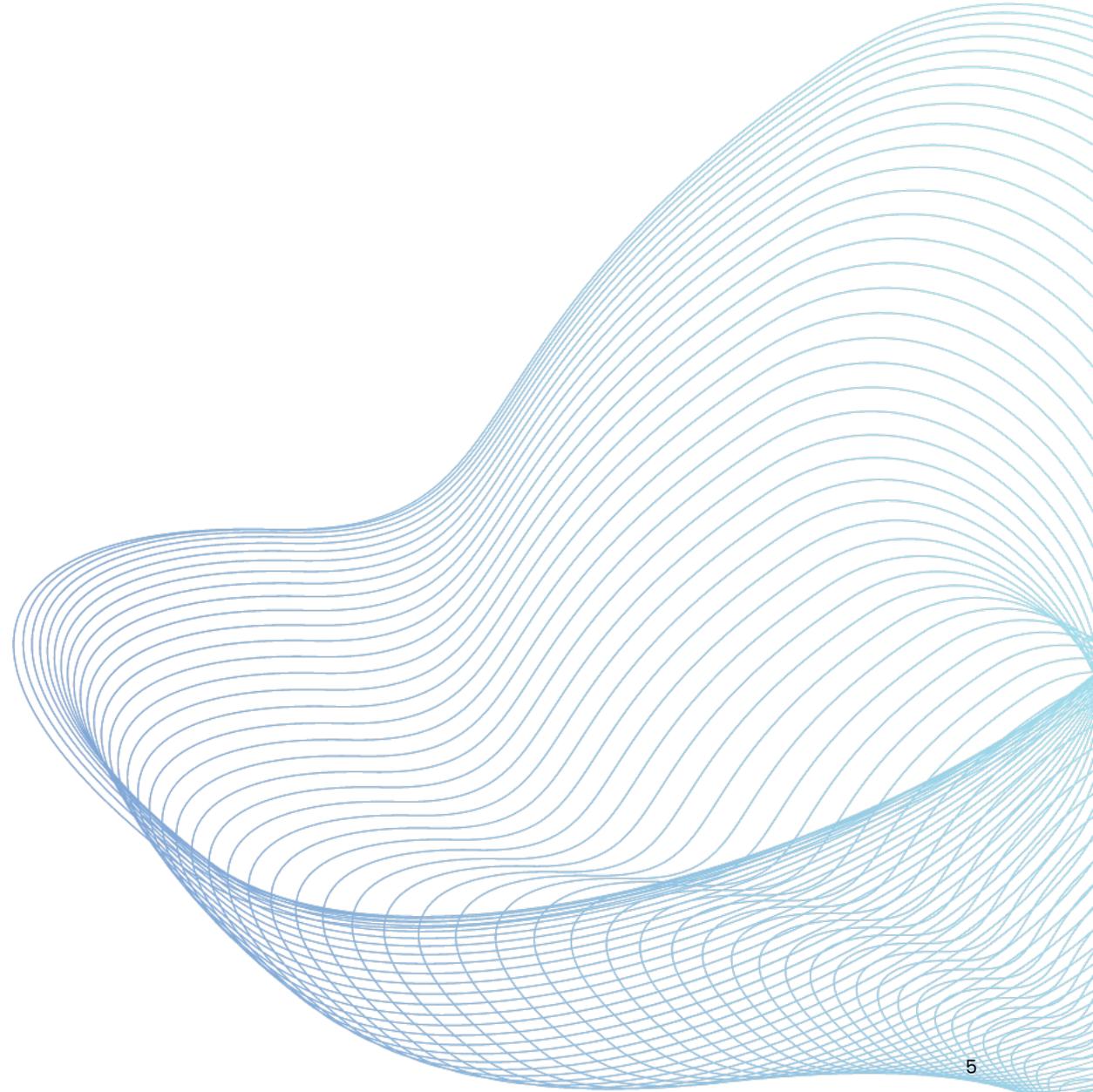
03 Appendices

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Transaction Overview



Highlights

- 1 Executing on strategic review** announced in June 2023, to build, partner & acquire new capabilities in cyber security and partner in the multi-Cloud and Public Cloud markets to leverage the capital invested in the existing four Sovereign Cloud platforms
- 2 3 strategically aligned acquisitions (Acquisitions or Targets)** with the combined business (**MergeCo**) focused on a **capital-light, diversified cyber security** and cloud solution offering with a national footprint
- 3** Transformational growth driven by business combination that brings **higher margin product diversification, broader geographic diversification and a scaled platform with clearly identified synergies**
- 4** MergeCo forecast to achieve **FY25F Underlying EBITDA of \$4.7m¹ on FY25F revenue of \$36.6m**, with transition to positive monthly operating cash flow within 1H FY25²
- 5** Leadership change in February 2023 came with a **proven track record of delivering M&A growth and synergies** in the technology sector
- 6** Builds on the **sales momentum in the underlying cloud solutions business** that has seen the new management team deliver revenue³ growth of 58% between 1H23 and 1H24, ARR⁴ growth of 41%, ARPU⁴ growth of 16% whilst reducing expenses by 19%
- 7** Equity Raising of up to \$30 million (\$25 million underwritten), with NEXTDC (33.6%) providing full support

1. Refer to Page 8 & Appendix A (Key Assumptions and Basis of Presentation). 2. Assumes completion of Acquisitions and consolidation of accounts from 30 April 2024. 3. Comprises actual AUCloud cloud and cyber revenue. 4. AUCloud standalone actual ARR and ARPU & refer to Appendix G (Glossary) for definitions.

Acquisitions Overview

AUCloud has entered into binding agreements for 3 strategic acquisitions

- **PCG Cyber** is a Canberra based cybersecurity consultancy firm specialising in Australian Government security advice and operations
- **Venn IT** Venn IT is a Queensland and South Australia based MSP and professional consulting business, data resilience & backup protection specialist servicing customers in the mining, financial services, education, and distribution sectors
- **Arado** is a suite of cloud and managed services, with a strong presence in Queensland. Arado has a customer base in State & Local Government and enterprises accounts across various sectors, including agriculture, industrial, health and resources

Strategic Rationale

- 1 Three acquisitions create a platform for a scaled enterprise in a fragmented cloud and cyber security sector. Targeting strong business economics at customer and margin level & continued M&A to scale up quickly through further waves of accretive acquisitions to absorb high-quality cyber businesses
- 2 All acquisitions are independently profitable in 1H FY24, have a diversified customer base with predictable revenue and CAPEX light business models. Post completion MergeCo will have ~84% Annual Recurring Revenue (ARR¹)
- 3 Acquisitions leverage capital deployed in sovereign cloud infrastructure increasing utilisation of the built capacity, along with revenue, product & geographic diversification spanning cyber security and secure cloud solutions to increase competitiveness
- 4 Corporate Australia and Government entities continue to focus on strengthening their cloud and cyber security posture, with >60% Australian companies expected to increase cyber budgets in 2023²

1. As at December 2023 on a pro forma MergeCo basis. Refer to Appendix G (Glossary) for definition for definition of ARR and ARPU. 2. Source: "Rising demand for cyber security creates investment opportunities" <https://www.austrade.gov.au/en/news-and-analysis/analysis/australias-a-7-billion-cyber-security-opportunity>

Overview of MergeCo

MergeCo Overview

- Broader product portfolio aligned to customer needs, with revenue spread across the broad spectrum of cyber security and cloud solutions.
- Combined 200 customers bring scale and diversified revenue across local, state and federal Government agencies, mining, finance, professional services, education, health and distribution sectors.
- Strengthening cyber security position with the platform to create a cyber security national footprint
- Expanded partner network will include AWS, CISCO, Commvault, Google, Microsoft, NetApp, Pure Storage, Rubrik, VMware, Veeam which when combined delivers cutting edge technology and expertise.
- Highly skilled M&A leadership team led by CEO and Managing Director Peter Maloney, combined with key executives from acquisition companies to take on leadership positions.

Impact of Acquisitions

- ✓ Revenue, product & geographic diversification spanning cyber security and secure cloud solutions to increase competitiveness
- ✓ Expanded customer base with predictable Annual Recurring Revenue
- ✓ Increased ARPU via fully integrated model of product bundling
- ✓ Acquisitions leverage capital deployed in sovereign cloud infrastructure

Pro Forma Financial and Operating Profile

Metrics (\$m)	FY23A Stat. AUCloud	FY24F Stat. AUCloud ¹	FY24F Pro forma MergeCo ¹	FY25F Stat. MergeCo ¹
Revenue	6.5 ²	10.9	28.9	36.6
Gross Margin %	n/m	36%	68%	70%
Underlying EBITDA³	(15.7)	(10.1)	(2.0)	4.7
Depreciation-ROU Assets ⁴	(1.5)	(1.4)	(1.4)	(1.6)
Depreciation-Other Assets ⁴	(3.9)	(4.2)	(4.2)	(4.0)
EBIT	(21.1)	(15.7)	(7.6)	(0.9)

Key MergeCo Metrics⁵



1. FY24 Forecast (Stat. AUCloud) represents 6 months' actual results + 4 months' forecast of AUCloud standalone, + 2 months' synergised forecast on a MergeCo basis (assuming the Acquisitions occur on 30 April 2024); FY24F Pro forma represents aggregated MergeCo financials as if the Acquisitions occurred on 1 July 2023; FY25F is based on forecast on a MergeCo basis. See Appendix A for basis of preparation and key assumptions. 2. FY23A revenue of \$6.5m includes \$2.1m of non-recurring Technical Project Services related revenue, and \$4.4m of cloud and cyber security services revenue. Refer appendix g Glossary for definition of ARR and ARPU. 3. Excludes one-off acquisition and restructuring costs of \$1.3m and the impact of Share Based Payments – refer to Note 6 on Page 13. 4. Depreciation of Right-Of-Use assets relate to data centre costs and rental costs (cash items). Depreciation of other assets relates to non-cash items. 5. Key metrics are indicative as at December 2023, and post synergies on a pro forma basis.

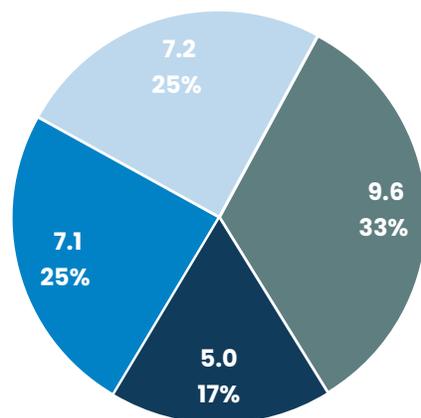
Transaction Summary

<p>Acquisitions consideration¹</p>	<ul style="list-style-type: none"> Acquisitions total consideration of up to \$30.0m² comprising ~\$18.275m cash on completion, \$8.85m in AUCloud shares, \$0.875m of deferred cash consideration payable 180 days after completion and up to \$2.0m subject to achieving certain performance milestones <ul style="list-style-type: none"> PCG Cyber: Total purchase price of \$15.0m, comprising \$11.875m of cash consideration at completion, \$2.5m worth of consideration shares (escrowed for 6 months from completion), and deferred cash consideration of \$0.625m (180 days deferral) to satisfy completion adjustments and claims under the share purchase deed Venn IT: Total purchase price of \$6.0m, comprising \$3.075m of cash consideration at completion, \$2.85m worth of consideration shares (escrowed for 24 months from completion), and deferred cash consideration of \$0.075m (180 days deferral) to satisfy completion adjustments and claims under the share purchase deed. The share purchase deed also includes an earn out payment of up to \$2.0m, subject to the target business achieving net revenue growth targets for the financial years ending 30 June 2025 and 30 June 2026 Arado: Total purchase price of \$7.0m, comprising \$3.325m of cash consideration at completion, \$3.5m worth of consideration shares (escrowed for 12 months from completion), and deferred cash consideration of \$0.175m (180 days deferral) to satisfy completion adjustments and claims under the business and asset sale deed
<p>Funding</p>	<ul style="list-style-type: none"> Acquisition consideration and associated costs to be funded by: <ul style="list-style-type: none"> A 2.95 for 1 pro-rata accelerated renounceable entitlement offer to raise up to \$30.0 million and underwritten to \$25.0 million (the Offer) AUCloud shares issued to vendors with a value of \$8.85m (at price equal to the lower of the 14-day VWAP prior to completion and the offer price under the equity raising) (subject to shareholder approval at an EGM to be held in April 2024) Net proceeds of the Offer will be applied to funding of the Acquisition cash consideration, paying transaction costs and to provide working capital for MergeCo
<p>Major shareholders and directors and their related entities</p>	<ul style="list-style-type: none"> NEXTDC (33.6%) has committed to subscribing for up to \$12.6 million under the Offer, via taking up its full entitlement under the Institutional Entitlement Offer and sub-underwriting part of the Retail Offer In addition, the Company has received binding commitments from other directors including Chair, Cathie Reid and Managing Director and CEO, Peter Maloney to take up their entitlements either in full or in part or to sub-underwrite the Offer Director's and their related entities have provided upfront binding commitments of \$15.7 million in the form of the take up of entitlements and sub-underwriting of the Offer
<p>Timing</p>	<ul style="list-style-type: none"> The target completion date for the Acquisitions is 30 April 2024

1. Refer to Appendix C for a summary of the acquisition agreements for each Target. 2. Subject to customary purchase price adjustments

Revenue contribution and GM improvement

Acquisitions Contribution^{1,2} (\$m)

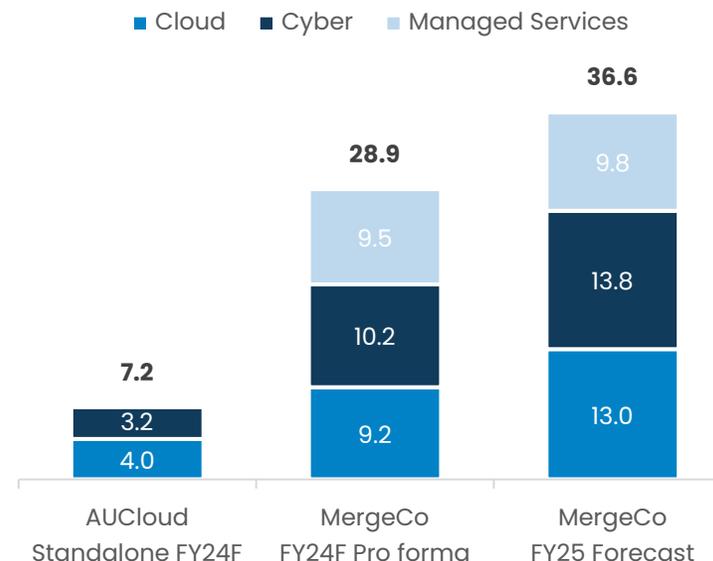


FY24F Pro Forma Revenue

■ AUCloud ■ Arado ■ VennIT ■ PCG Cyber

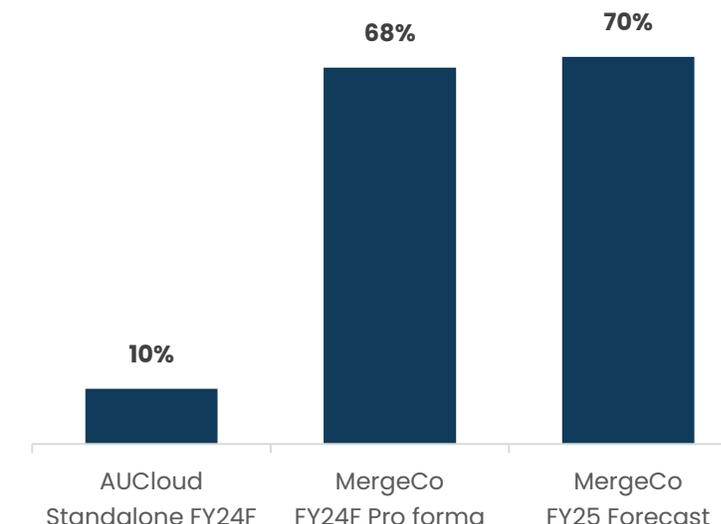
- Post Acquisitions, base AUCloud business will contribute ~25% of total revenue, with the balance of revenue driving gross margin accretion

Revenue by division^{2,3} (\$m)



- Refocus on cyber security and managed services streams delivering near 60% of MergeCo revenue, further leveraging the Company to the industry's strong structural tailwinds

Pro forma Gross Margin^{2,4} (%)



- Acquisitions to be gross margin accretive, driven by stronger contribution from high margin cyber security services and managed services
- Gross margin improvement also reflects cost realignment and scale efficiencies delivered through MergeCo

1. Represent FY24F pro forma revenue contribution from each entity. Refer to Appendix A for basis of presentation and key assumptions. 2. FY24F Pro forma represents aggregated MergeCo financials as if the Acquisitions and synergies occurred on 1 July 2023; FY25F is based on forecast on a MergeCo basis. 3. Cloud revenue includes other professional services, hardware and software support. 4. Gross margin % presented on a pre-AASB16 basis.

Pro Forma Balance Sheet as at 31 Dec 2023



The below table is presented for illustrative purposes to show the impact on the balance sheet as if the Acquisitions and the Offer had occurred at 31 December 2023¹

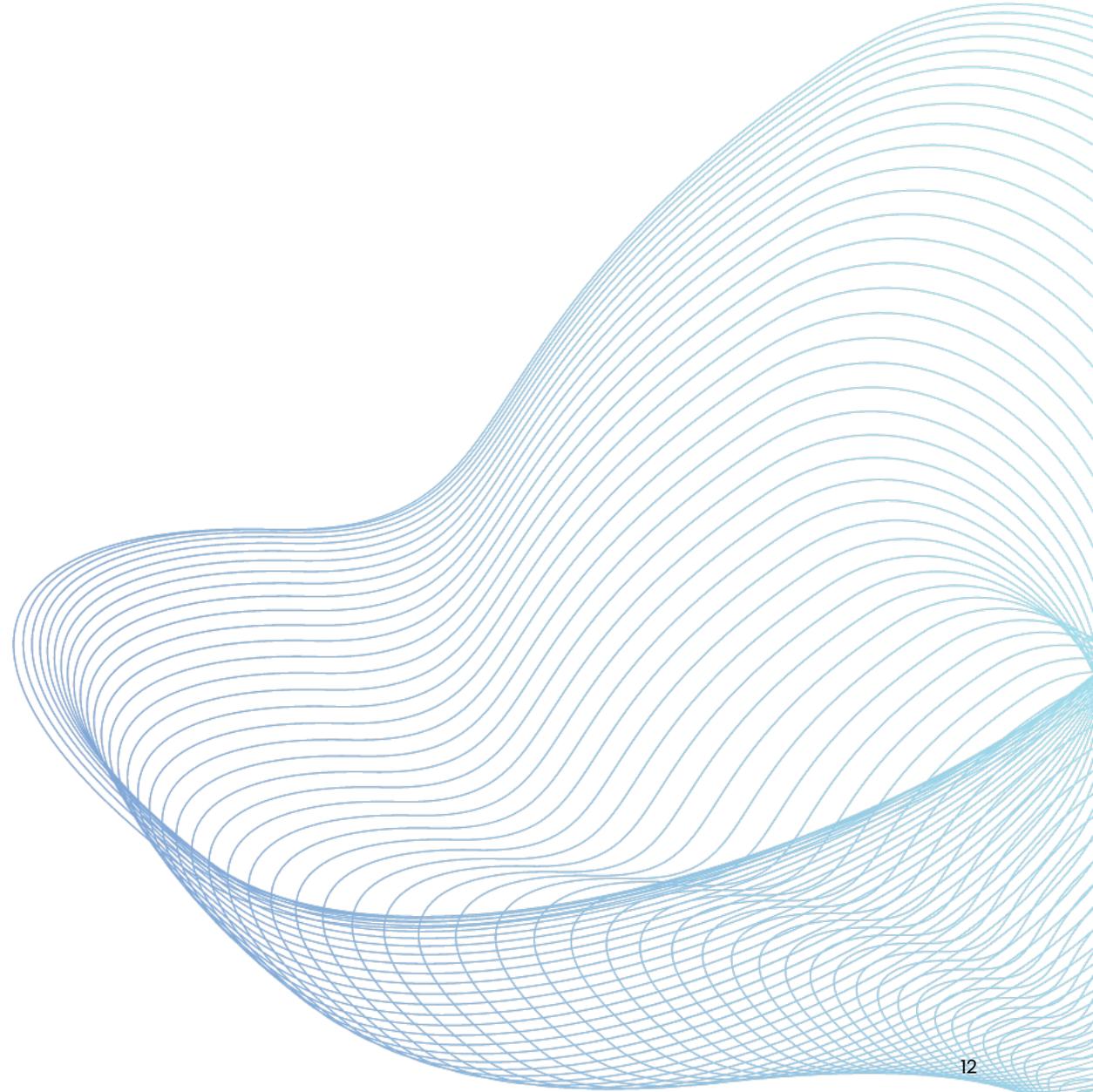
	A	B	C	D	A+B+C+D	E	A+B+C+E
\$m	AUCloud Standalone ²	Target Entities ³	Acquisitions ⁴	Offer ⁵ (Minimum)	31 Dec 2023 Pro Forma (Min)	Offer ⁵ (Maximum)	31 Dec 2023 Pro Forma (Max)
Current assets							
Cash and cash equivalents	4.7	2.0	(20.5)	23.8	10.0	28.5	14.7
Trade and other receivables	1.8	1.8	-	-	3.6	-	3.6
Prepayments	2.1	-	-	-	2.1	-	2.1
Total current assets	8.6	3.8	(20.5)	23.8	15.7	28.5	20.4
Non-current assets							
Trade and other receivables	-	0.2	-	-	0.2	-	0.2
Prepayments	0.2	-	-	-	0.2	-	0.2
Property, plant and equipment	8.0	0.3	-	-	8.3	-	8.3
ROU Assets	4.8	-	-	-	4.8	-	4.8
Goodwill and other Intangibles	0.3	-	29.6	-	29.9	-	29.9
Total non-current current assets	13.3	0.5	29.6	-	43.4	-	43.4
Total assets	21.9	4.3	9.1	23.8	59.1	28.5	63.8
Current liabilities							
Trade payables and accruals	2.2	2.7	-	-	4.9	-	4.9
Provisions	0.4	0.3	-	-	0.7	-	0.7
Lease liabilities	1.3	-	-	-	1.3	-	1.3
Total current liabilities	3.9	3.0	-	-	6.9	-	6.9
Non-current liabilities							
Lease liabilities	2.9	-	-	-	2.9	-	2.9
Other long-term provisions	0.1	0.1	-	-	0.2	-	0.2
Deferred consideration	-	-	2.0	-	2.0	-	2.0
Total non-current liabilities	3.0	0.1	2.0	-	5.1	-	5.1
Total liabilities	6.9	3.1	2.0	-	12.0	-	12.0
Net assets	15.0	1.2	7.1	23.8	47.1	28.5	51.8

1. Financial information presented on a post-AASB16 basis. Refer Appendix A for basis of presentation and key assumptions. 2. Represent AUCloud's reviewed balance sheet as at 31 December 2023. 3. Represent unaudited balance sheets of PCG and Venn at 31 December 2023 and Arado for 31 October 2023 adjusted for certain transactions required and accounting adjustments to occur prior to Completion. 4. Represents the Acquisitions with the difference between the total consideration and deferred consideration and net assets of the target entities being reflected as goodwill and other intangible assets 5. The minimum Offer reflects a \$25m Offer less transaction costs of \$1.2m and the maximum is \$30m less transaction costs of \$1.5m.

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Offer Summary



Indicative Capital Structure and Use of Funds



Sources	\$m	Uses	\$m
Offer (min)	25.0	Consideration for Acquisitions ¹	28.0
Scrip	8.9	Working capital	3.8
		Transaction costs ²	1.2
		Restructuring costs	0.9
Total	33.9	Total³	33.9

Sources	\$m	Uses	\$m
Offer (max)	30.0	Consideration for Acquisitions ¹	28.0
Scrip	8.9	Working capital	8.5
		Transaction costs ²	1.5
		Restructuring costs	0.9
Total	38.9	Total³	38.9

Indicative Pro Forma Capital Structure ⁴	Min Offer (\$25m)			Max Offer (\$30m)		
	Shares	Options/ Perf. Rights	Fully diluted shares	Shares	Options/ Perf. Rights	Fully diluted shares
Existing Shares	339.4	6.4	345.8	339.4	6.4	345.8
New Shares issued	833.3	-	833.3	1,001.2	-	1,001.2
New Shares issued as Acquisition consideration ⁵	295.0	0.8	295.8	295.0	0.8	295.8
Options and perf. rights granted ⁶	-	73.7	73.7	-	82.1	82.1
Pro forma Shares on Issue	1,467.7	80.9	1,548.6	1,635.6	89.3	1,724.9
Indicative Market Capitalisation (\$m)⁷	44.0		46.5	49.1		51.7
Implied Enterprise Value (\$m)⁸	34.0		36.5	34.4		37.0

1. Excludes a \$2m earn-out payable (funded by profits) in FY26/FY27 dependent on achievement of growth in net revenue in FY25/FY26. 2. The estimated transaction costs relate to fees paid to the Lead Manager and other advisers for the Offer and acquisitions. 3. Total estimated retained cash in the Targets on completion is \$2.0 million. 4. The Company will seek shareholder approval to consolidate share capital on a 10-for-1 basis post completion of the Offer and the Acquisitions. 5. The number of shares is calculated based on the Offer Price. The actual number of shares to be issued will be based on the lower of the 14 day VWAP prior to completion and the Offer Price. 6. The Company intends to grant options and performance rights representing up to 5% of the expanded share capital to senior management of the Company and Targets shortly following completion of the Acquisitions. Vesting of the options and performance rights will be subject to the achievement of prescribed performance hurdles and employment conditions. 7. Market capitalisation is calculated based on the Offer Price. 8. Calculated based on 31 Dec 2023 net cash of \$10.0 million and \$14.7 million in the minimum Offer and maximum Offer respectively deducted from indicative market capitalisation.

Offer Summary



Equity Raising	\$30.0 million pro rata accelerated renounceable entitlement offer (underwritten to \$25.0 million), for the issue of a minimum 833.3 million new ordinary shares (New Shares) and up to 1,001.2 million New Shares based on an offer ratio of 2.95 new ordinary shares for each existing ordinary share held as at the Record Date (Offer). Retail shareholders will be offered the ability to apply for additional shares in excess of their entitlements subject to scale back at the discretion of the Company.
Offer Price	\$0.03 per New Share representing (Offer Price): <ul style="list-style-type: none">• 9.6% discount to the TERP of \$0.033¹• 26.8% discount to the last closing price of \$0.041 on 15 March 2024
Ranking	New Shares issued will rank equally with existing AUCloud shares
Use of proceeds	The net proceeds of the Offer will largely be deployed to fund the upfront cash consideration of the Acquisitions, to pay transaction and restructuring costs ² and for working capital requirements associated with executing the Company's strategic initiatives.
Major shareholders and directors and their related entities	<ul style="list-style-type: none">• NEXTDC (which currently holds 33.6% of the Company's share capital) has committed to subscribing for up to \$12.6 million under the Offer, via taking up its full entitlement under the Institutional Entitlement Offer and sub-underwriting part of the Retail Offer• In addition, the Company has received binding commitments from other directors including Chair, Cathie Reid and Managing Director and CEO, Peter Maloney to take up their entitlements either in full or in part or to sub-underwrite the Offer• Director's and their related entities have provided upfront binding commitments of \$15.7 million in the form of the take up of entitlements and sub-underwriting of the Offer
Underwriting	The Entitlement Offer is underwritten by Ord Minnett to \$25.0m on the terms and conditions of an Underwriting Agreement dated 18 March 2024 between the Lead Manager and the Company. Refer Appendix d for a summary of the Underwriting Agreement and sub-underwriting arrangements

1. The Theoretical Ex-rights Price (**TERP**) is calculated by reference to the Company's closing share price on 15 March 2024 of \$0.041 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which the Company's shares trade immediately after the ex-date of the Entitlement Offer and will depend on many factors and may not approximate TERP. TERP includes the new shares issued under the Offer. 2. Transaction costs represent fees of the Lead Manager and other advisers for the Offer and acquisitions and restructuring costs of approximately \$0.9m

Timetable



Date ¹	Event
Monday, 18 March 2024	Institutional Entitlement Offer bookbuild
Tuesday, 19 March 2024	Institutional Shortfall Bookbuild
Wednesday, 20 March 2024	Trading halt lifted and announcement of outcome of the Institutional Entitlement Offer
Thursday, 21 March 2024	Record date for the Entitlement Offer
Monday, 25 March 2024	Retail Entitlement Offer period opens
Wednesday, 27 March 2024	Settlement of Institutional Entitlement Offer
Thursday, 28 March 2024	New Shares allotted under the Institutional Entitlement Offer
Wednesday, 10 April 2024	Retail Entitlement Offer closes
Thursday, 18 April 2024	Allotment of New Shares issued under the Retail Entitlement Offer
Wednesday, 24 April 2024	Extraordinary general meeting to approve issue of consideration shares, share consolidation, the adoption of a new Long Term Incentive Plan, the grant of options and performance rights to the Managing Director and CEO, and amendment to the Company's constitution to permit virtual meetings
Tuesday, 30 April 2024	Completion of the Acquisitions

¹ All dates and times are indicative only and AUCloud reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Sydney time

Appendices

a Key Assumptions and Basis of Preparation

b Key Risk Factors

c Acquisition Summaries

d Summary of Underwriting Agreement, sub-underwriting arrangements and pre-commitments

e Foreign Selling Restrictions

f FY23A MergeCo Summary Financials by entity

g Glossary

a. Key Assumptions and Basis of Preparation

Basis of preparation¹

Historical financial information

The historical profit and loss financial information is extracted from the audited financial statements of AUCloud for the financial year ended 30 June 2023.

The pro forma balance sheet is derived from the reviewed balance sheet of AUCloud as at 31 December 2023 adjusted to reflect:

- the acquisitions of PCG Cyber, Venn IT and Arado;
- unaudited balance sheets of PCG and Venn at 31 December 2023 adjusted for certain transactions required to occur prior to completion and the assets to be acquired for Arado based on the unaudited management accounts at 31 October 2023; and
- the Offer at the minimum raising of \$25m and maximum raising of \$30m.

Forecast financial information

The forecast financial information has been prepared by the Directors having regard to an assessment of present economic and operating conditions and based on a number of general and specific assumptions, the material assumptions of which are summarised opposite.

The basis of preparation and presentation of the forecast financial information, is consistent with the basis of preparation and presentation of the historical financial information.

The pro forma financial information is based on the aggregated forecast financial information for each MergeCo entity on the basis that the transaction occurred on 1 July 2023 and that all synergies relating to merger occurred from that date.

Key assumptions are:¹

- No material changes to the competitive and operating environment of AUCloud, current economic and market conditions, government legislation and other regulations which would impact AUCloud's activities.
- The Acquisitions will complete on 30 April 2024.

- Actual reviewed results for the six months to 31 December 2023 for AUCloud are included and unaudited management accounts for the six months to 31 December 2023 for PCG Cyber, Venn IT and Arado are used as a basis for forecasting MergeCo's financial performance.
- Other than current known events, no further significant client wins or client losses are forecast over the period.
- On an aggregated basis for MergeCo entities, the following revenue assumptions are made:
 - Cyber revenue is assumed to increase 22% in FY24 and 35% in FY25 based on committed revenue, identified pipeline opportunities, historical run-rates and growth from recently launched Cyber Security solution.
 - Cloud revenue is assumed to increase 22% in FY24 and 41% in FY25 based on currently committed revenue.
 - Managed services revenue is assumed to increase 29% in FY24 and 3.5% in FY25 based on the revenue trend in FY24.
- Gross profit margins are assumed to increase from 63% in FY23 to 68% in FY24 and 70% in FY25 on an aggregated basis for MergeCo entities reflecting changes undertaken with suppliers to reduce to costs and the ongoing revenue growth using available capacity in fixed costs.
- Employee costs are assumed to reduce 5% in FY24 and 21% in FY25 on an aggregated basis reflecting current headcount and salaries adjusted for identified synergies to be implemented following the Acquisitions with two months benefit in FY24 and a full year benefit in FY25.
- Property costs are assumed to reduce 8% in FY24 and 45% in FY25 on an aggregated basis reflecting current property leases adjusted for identified synergies from office rationalisation and expiring leases to be implemented following the Acquisitions with two months benefit in FY24 and a full year benefit in FY25.
- Other overheads are assumed to reduce 8% in FY24 and 10% in FY25 on an aggregated based reflecting current expenditure adjusted for synergies from consolidation of group expenditure reducing the expenditure historically required on an individual basis offset by increased marketing costs to support revenue growth.

¹ The basis of preparation and key assumptions set out in this section should be read in conjunction with the risk factors set out in Appendix b.

b. Key Risk Factors

AUCloud is subject to various risk factors. Some of these are specific to its business activities and the Acquisitions, while others are of a general nature. Individually, or in combination, these risk factors could have a material adverse impact on AUCloud's assets and liabilities, financial position and performance, profits and losses and prospects, and the value of its shares.

This section sets out some of the key risk factors associated with an investment in AUCloud (including matters in relation to the Acquisitions). The risks set out below are not listed in order of importance and do not constitute an exhaustive list of the risks associated with AUCloud or the industry in which it operates, or an investment in AUCloud shares either now or in the future, and this information should be used as guidance only. Many of the risks are outside of the control of AUCloud. There can be no guarantee that AUCloud will achieve its stated objectives or that any forward-looking statement or forecasts will eventuate.

Before deciding whether to invest in AUCloud, you should read the entire presentation and any publicly available information about AUCloud (such as information on AUCloud's website and ASX, including previous ASX announcements and periodic disclosures) carefully and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in AUCloud is suitable for you after taking into account your own investment objectives, financial circumstances and tax position. You should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser before making an investment decision.

ACQUISITION SPECIFIC RISKS

Acquisition risk: AUCloud has undertaken financial, tax, legal, commercial and other analysis on each of the Targets. It is possible that despite such analysis and the best estimate assumptions made by AUCloud, the conclusions drawn are inaccurate or are not realised (including assumptions as to synergies from the increased scale of MergeCo following Completion of the Acquisitions). To the extent that the actual results achieved by the Acquisitions are different to those indicated by AUCloud's analysis, there is a risk that the profitability and future earnings of AUCloud may be materially different from the profitability and earnings reflected in this presentation.

Completion risk: The Acquisitions will be subject to certain conditions precedent to Completion. If any of these conditions precedent are not satisfied or waived in accordance with the relevant acquisition documents, this could delay or prevent the Acquisitions from completing. Failure to complete any of the Acquisitions could adversely impact the Company's future growth plans and financial performance.

Material contracts – Change of control: Each of the Targets have material contracts with customers and suppliers that contain change of control provisions which will be triggered by completion of the Acquisitions. If counterparty consent is not provided, this may have an adverse effect on MergeCo's financial performance.

Integration risk: The Acquisitions involve the integration of each Target's business (which have previously operated independently to AUCloud). As a result, there is a risk that the integration of each business may be more complex and costly than anticipated, encounter unexpected challenges, take longer than expected, divert management attention or not deliver the expected benefits or cost synergies.

Unforeseen liabilities: AUCloud has satisfied itself with its due diligence enquiries to date but, in some cases, AUCloud did not receive all the information sought from the relevant Target. If any of the information that was provided is incomplete, inaccurate or misleading (including in respect of accounts provided by the Targets), the benefits expected to be derived from the Acquisitions may not be delivered. While AUCloud has sought appropriate protections in respect of any potential issues that have emerged from these due diligence investigations, there is a risk that a potential issue is more significant than was assessed, or that the protections sought were insufficient to mitigate the potential issue, resulting in loss to AUCloud. There is also a risk that the due diligence investigations have not identified all issues that would have been material to the decision by AUCloud to undertake the Acquisitions. The failure to identify these issues could have a detrimental impact on the financial performance of AUCloud or its operations.

Security for claims: The vendors of the Arado business may seek to distribute the proceeds of the sale and / or wind up the selling entities shortly after Completion, thus reducing AUCloud's security for settlement of claims against the selling entities. Whilst the vendors have agreed that AUCloud can sell the escrowed consideration shares to satisfy claims for a period after Completion, claims may come to light after this period and AUCloud will have limited security to satisfy those claims if the selling entities are wound up.

b. Key Risk Factors (cont.)

Concentration of customer base and nature of customer contracts: Like AUCloud, each of the Targets have a relatively concentrated customer base. If MergeCo was to lose one or more of its key customers, MergeCo's business and financial condition could be adversely impacted. Some of the contracts are, by their nature, relatively short-lived and some can be terminated on short notice by the counterparty. If AUCloud was to lose one or more of these customer contracts, its operations, earnings and financial condition could be adversely impacted. In addition, if one or more of these contracts is not renewed upon expiry and MergeCo is unable to add new customers, its business, financial condition and financial performance could be adversely impacted in the future.

Customer friendly contract terms: The Targets have entered into customer contracts with Government clients and sophisticated corporate groups. The contracts are on customer friendly terms and contain relatively short notice periods. Termination of any of these material contracts by the relevant counterparty may adversely affect MergeCo's financial position.

Higher reliance on professional services revenue: Following completion of the Acquisitions, MergeCo will have an increased reliance on professional services revenue. Professional services revenue, where not tied to a termed customer contract, carries a risk of early termination. This is particularly the case in respect of project related work. Early termination of these contracts may adversely affect MergeCo's financial position.

Loss of key personnel: AUCloud's business is dependent on attracting and retaining highly skilled and experienced employees. It is essential that appropriately skilled staff be available in sufficient numbers to support AUCloud's business. AUCloud requires staff to have a variety of skills and expertise, some of which are niche specialities in which there are limited practitioners available for recruitment. AUCloud's ability to attract and retain employees in a cost effective manner is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics in its operating markets. Changes that adversely impact AUCloud's ability to attract and retain quality employees could materially adversely affect AUCloud's future financial performance and position.

There is a risk of an unintended loss of key staff leading up to and following completion of the Acquisitions notwithstanding that incentives will be put in place by MergeCo to retain such persons. The loss of key members of the management team, or any delay in their replacement, may adversely affect the AUCloud's ability to implement its strategies and its future financial performance.

BUSINESS RISKS

Competitive landscape and actions of others: AUCloud operates in a competitive landscape alongside a number of other service providers with competing technologies, product offerings and geographic presence. These include a number of global IaaS providers which offer competing services to AUCloud on a global scale. Although AUCloud is in a niche market, and notwithstanding the barriers to entry in that market, AUCloud may face competition from new entrants and existing competitors who may have significant advantages, including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers or decision makers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to AUCloud's, or competitors are able to compete effectively on price, AUCloud may lose existing or potential customers, incur costs to improve its network, or be forced to reduce prices.

Sustained losses and short operating history: Like many technology companies, AUCloud has incurred regular operating losses since inception. AUCloud may not be able to achieve or maintain profitability or positive free cash flow in the near term if at all. does not have a long operational track record. As a result, the execution of AUCloud's business plan may take longer to achieve than planned and the costs of doing so may be higher than budgeted.

Cyber risk: Given AUCloud's business model is premised on providing secure cloud services, any unauthorised access to customer data would severely prejudice AUCloud's reputation as a credible provider of such services to its targeted customers. While instances of "cyber-crime" are particularly damaging, other events, such as accidental loss of confidential data or experiencing significant network issues may also cause financial loss or reputational damage (or both). While AUCloud is particularly focused on mitigating the likelihood of cyber risk, given its business model, the consequences of the risk including the adverse effect on AUCloud's future financial performance and position, are potentially significant.

b. Key Risk Factors (cont.)

Changes to law or Government policy: The storage of data, including the migration of systems to the cloud, for Governments and CNIs is a current focus of Government policy, which is evolving rapidly. As Government departments make the decision to transition legacy systems and datasets to third party hosted environments, including to the cloud, there is a growing focus on how Government agencies can ensure the security of that data. Rules and guidelines for Government departments and agencies in relation to outsourcing cloud functions, and the requirements of third party providers of those functions, have been developed, however there is no guarantee that the implementation of those rules and guidelines will occur in the manner currently anticipated by AUCloud. In addition, those rules and guidelines will likely be supplemented and varied over time. For example, AUCloud anticipates that those rules and guidelines will address the sovereign ownership of the service provider. While AUCloud has some capacity to predict policy developments, it is possible that policies will be implemented in the future that may preclude or hinder AUCloud's competition in the market for Government outsourcing of cloud services.

Authorisations and accreditations: AUCloud relies on authorisations and accreditations to operate its business. In particular, AUCloud is required to be IRAP-accredited to provide its services to the Australian Government. IRAP is an ASD initiative. ASD endorses suitably qualified ICT professionals as IRAP assessors to provide relevant security services and highlight information security risks which aim to secure broader industry and Australian Government information (and associated) systems. The ACSC has also recently introduced a new Cloud Security Guidance and Cloud Assessment and Authorisation Framework. Further, each of the Target's and their employees hold certain authorisations and accreditations to operate the businesses. There is no guarantee that AUCloud will be able to obtain or retain the authorisations and accreditations it requires to compete in the market, including the authorisations and accreditations it requires in order to operate the Target businesses post-completion of the Acquisitions. Any failure by MergeCo to obtain additional authorisations or accreditations mandated by the Australian Government in the future would materially adversely affect MergeCo's operational and financial performance.

Funding and capital: The continued growth of AUCloud relies on customer acquisition and the acquisition of businesses to continue to scale AUCloud's existing business. Capital is required to maintain and grow the existing technology platform. AUCloud requires sufficient access to capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder AUCloud's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of AUCloud.

AUCloud's continued ability to implement its business plan effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds will be available in the future, and/or be secured on reasonable commercial terms. If adequate funds are not available or not available on reasonable commercial terms in the future, then AUCloud may not be able to take advantage of investment opportunities, make strategic acquisitions, develop new ideas or otherwise respond to competitive pressures.

Interruptions to operations, including infrastructure and technology failure: AUCloud could be exposed to short, medium or long-term interruptions to its services, some of which is provided by third parties. AUCloud may be unable to deliver a service as a result of numerous factors, including:

- human error;
- power loss;
- improper maintenance by entities not related to AUCloud;
- physical or electronic security breaches;
- fire, earthquake, hurricane, flood and other natural disasters;
- water damage;
- intentional damage to the networks from vandalism;
- accidental damage to the networks from civil works;
- war, terrorism and any related conflicts or similar events worldwide; and
- sabotage and vandalism.

Change in technology: Demand for cloud services can change rapidly because of technological innovation, new product introductions, declining prices and evolving industry standards, amongst other factors. New solutions and new technology often render existing solutions and services obsolete, excessively costly or otherwise unmarketable. As a result, the success of AUCloud depends on AUCloud being able to keep up with the latest technological progress and to develop or acquire and integrate new technologies into its product offering. Advances in technology also require AUCloud to commit resources to developing or acquiring and then deploying new technologies for use in operations.

b. Key Risk Factors (cont.)



Relationships with key intellectual property licensors and technology: AUCloud relies on relationships with key intellectual property licensors and technology partners, from whom it licenses the right to use particular intellectual property and technology. AUCloud's ability to offer its cloud services is dependent on its ability to use particular intellectual property and technology, and any change in the ability to use or protect the intellectual property AUCloud relies on may have an effect on AUCloud's future financial performance and position.

Insurance: AUCloud seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry. Any increase in the cost of the insurance policies of AUCloud or the industry in which it operates could adversely affect AUCloud's business, financial condition and operational results. AUCloud's insurance coverage may also be inadequate to cover losses it sustains. Uninsured loss or a loss in excess of AUCloud's insured limits could adversely affect AUCloud's business, financial condition and operational results.

Impact of climate change: Climate change presents a potentially material risk to AUCloud. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect AUCloud's property (and associated communities) through physical damage, operating costs, and ability to trade, for example. These acute weather events may be sudden and acute or more gradual in nature. For example, property may be damaged by storms or flooding which requires extensive repairs. Alternatively, supply chains may be disrupted. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change. These may require AUCloud to incur costs to address these changes. The transition to a low carbon economy may enable AUCloud to realise opportunities such as reducing its reliance on the electricity grid by generating onsite renewable energy which also protects its business from future energy market and policy uncertainty.

Exposure to general economic conditions: The operating and financial performance of AUCloud is influenced by a variety of general domestic and global economic and business conditions that are outside the control of AUCloud. A prolonged deterioration in general economic conditions may impact the demand for AUCloud's services and may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of AUCloud.

EQUITY RAISING RISKS

AUCloud's share price may fluctuate: AUCloud is subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in its share price that are not explained by the fundamental operations and activities of AUCloud. There is no guarantee that the price of AUCloud's shares will increase following the Offer, even if AUCloud's earnings increase. AUCloud's shares may trade at, above or below the offer price due to a number of factors, including:

- general market conditions;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from particular market indices (including S&P/ASX indices); and
- the nature of the markets in which AUCloud operates.

Other factors that may negatively affect investor sentiment and influence AUCloud specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

Trading in AUCloud's shares may not be liquid: There can be no guarantee that there will be an active market for AUCloud's shares following completion of the Offer. There may be relatively few potential buyers or sellers of AUCloud's shares on ASX at any given time. This may increase the volatility of the market price of AUCloud's shares. It may also affect the prevailing market price at which shareholders are able to sell their AUCloud shares. This could result in shareholders receiving a market price for their AUCloud shares that is less than the price that they paid. Further, approximately 88.9% of AUCloud's shares, prior to the equity raising, are held by the top 10 shareholders, with the directors, employees and related entities of AUCloud together holding 25.6%. This, combined with the fact that the consideration shares will be escrowed for a period of 12 - 24 months, will reduce the liquidity of trading in AUCloud's shares – at least for the duration of the escrow period.

Shareholders may suffer dilution: AUCloud may issue more shares in the future in order to fund acquisitions or investments or to reduce its debt. While AUCloud will continue to be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), any such equity raisings may dilute the interests of existing shareholders.

Influence of major shareholder: AUCloud's largest shareholder, NEXTDC, holds 33.6% of the Company's current share capital and this may increase to up to 36.3% as a result of its support of the Offer and sub-underwriting participation (in reliance on the exemption under exception 9 of section 611 of the Corporations Act). While NEXTDC has been very supportive of AUCloud's growth, this level of shareholding could allow NEXTDC to block certain corporate actions proposed by the Company should it wish to do so.

c. Acquisition Summary – PCG Cyber

Transaction overview	AUCloud, by way of its wholly owned subsidiary, Sovereign Cloud Australia Pty Ltd ACN 611 181 830, will acquire the entire issued share capital of PCG Cyber from its sole shareholder, pursuant to a share purchase deed (SPD), (the PCG Cyber Acquisition).
Acquisition consideration	<p>Total purchase price of \$15.0m, comprising:</p> <ul style="list-style-type: none"> • \$11.875m of cash consideration; • ordinary shares in AUCloud equal to \$2.5m (issue price will be the lower of the 14 day VWAP of AUCloud shares prior to completion and the lowest offer price of any capital raising completed by SOV within one month prior to the completion date or completed in conjunction with the PCG Cyber Acquisition), escrowed for 6 months from completion; and • deferred consideration (payable in cash) of ~\$0.625m (180 days deferral) to satisfy completion adjustments and claims under the SPD.
Conditions precedent to Completion	<p>Completion of the PCG Cyber Acquisition is subject to the satisfaction or waiver of customary conditions precedent for a transaction of this nature, including (but not limited to):</p> <ul style="list-style-type: none"> • landlord consent to the change of control of the tenant (PCG Cyber); • the discharge and release of historical encumbrances relating to PCG Cyber; • AUCloud receiving binding commitments for securities in connection with the Offer and the Underwriting Agreement not being terminated in accordance with its terms; • counterparty consent to key customer contracts and the renewal of contract terms; • the seller providing evidence of full and final repayment of a shareholder loan; • each of the key employees of PCG Cyber entering into an employment agreement in favour of PCG Cyber; • AUCloud shareholder approval for the issue of the consideration shares; and • no material adverse change occurring between exchange and Completion.
Timetable	Completion of the PCG Cyber Acquisition is expected to take place on 30 April 2024 subject to the conditions precedent having been satisfied or waived, or such later time as agreed between the parties.
Completion and pre-Completion conduct	For the period up to Completion, the sellers must carry on the business in all material respects in the ordinary course. The sellers are subject to customary restrictions and undertakings in respect of their pre-Completion conduct.
Representations and warranties	The sellers give customary representations and warranties relating to the shares of PCG Cyber and the PCG Cyber business, which are subject to customary exclusions, time limits and financial thresholds. Resolved claims by AUCloud may be set-off against the deferred consideration.

c. Acquisition Summary – VennIT

Transaction overview	AUCloud, by way of its wholly owned subsidiary, Sovereign Cloud Australia Pty Ltd ACN 611 181 830, will acquire the entire issued share capital of Venn IT from its shareholders, pursuant to a share purchase deed (SPD), (the Venn IT Acquisition).
Acquisition consideration	<p>Total purchase price of \$6.0 million comprising:</p> <ul style="list-style-type: none"> • \$3.075m of cash consideration at completion; • ordinary shares in AUCloud equal to \$2.85m (issue price will be the lower of the 14 day VWAP of AUCloud shares prior to completion and the offer price under the Offer), escrowed for 24 months from completion; • deferred consideration (payable in cash) of \$0.075m (180 days deferral) to satisfy completion adjustments and claims under the SPD; and • The SPD also includes an earn out payment of up to \$2.0m, subject to the target business reaching a net revenue growth target for the financial years ending 30 June 2025 and 30 June 2026. If the targets are achieved, \$1.0 million will be payable on 31 July 2025 and \$1.0 million will be payable on 31 July 2026.
Conditions precedent to Completion	<p>Completion of the Venn IT Acquisition is subject to the satisfaction or waiver of customary conditions precedent for a transaction of this nature, including (but not limited to):</p> <ul style="list-style-type: none"> • landlord consent to the change of control of the tenant (Venn IT); • the discharge and release of historical encumbrances relating to Venn IT; • AUCloud receiving binding commitments for securities in connection with the Offer and the Underwriting Agreement not being terminated in accordance with its terms; • each of the key employees of Venn IT entering into an employment agreement and intellectual property assignment deed in favour of Venn IT; • AUCloud shareholder approval for the issue of the consideration shares; and • no material adverse change occurring between exchange and Completion.
Timetable	Completion of the Venn IT Acquisition is expected to take place on 30 April 2024 subject to the conditions precedent having been satisfied or waived, or such later time as agreed between the parties.
Completion and pre-Completion conduct	For the period up to Completion, the sellers must carry on the business in all material respects in the ordinary course. The sellers are subject to customary restrictions and undertakings in respect of their pre-Completion conduct.
Representations and warranties	The sellers give customary representations and warranties relating to the shares of Venn IT and the Venn IT business, which are subject to customary exclusions, time limits and financial thresholds. Resolved claims by AUCloud may be set-off against the deferred consideration and the earn-out payment (if any).

c. Acquisition Summary – Arado

Transaction overview	AUCloud, by way of its wholly owned subsidiary, Sovereign Cloud Australia Pty Ltd ACN 611 181 830, to acquire the business and assets of ‘Arado’ from Canopy Tools Group Pty Ltd, CT4 Pty Ltd, and NewBase Computer Services Pty Ltd (the Arado Acquisition) pursuant to a business and asset sale deed (the BSA).
Acquisition consideration	<p>Total purchase price of \$7.0m, comprising:</p> <ul style="list-style-type: none"> • \$3.325m of cash consideration; • ordinary shares in AUCloud equal to \$3.5m (issue price will be the lower of the 14 day VWAP of AUCloud shares prior to completion and the offer price under the Offer), escrowed for 12 months from completion; and • deferred consideration (payable in cash) of ~\$0.175m (180 days deferral) to satisfy completion adjustments and claims under the BSA.
Conditions precedent to Completion	<p>Completion of the Arado Acquisition is subject to the satisfaction or waiver of customary conditions precedent for a transaction of this nature, including (but not limited to):</p> <ul style="list-style-type: none"> • counterparty consent to key customer contracts and the renewal of contract terms; • the discharge and release of encumbrances relating to the business and the assets; • AUCloud receiving binding commitments for securities in connection with the Offer and the Underwriting Agreement not being terminated in accordance with its terms; • each key employee having entered into a new employment agreement with AUCloud; • AUCloud shareholder approval for the issue of the consideration shares; and • no material adverse change occurring between exchange and Completion.
Timetable	Completion of the Arado Acquisition is expected to take place on 30 April 2024 subject to the conditions precedent having been satisfied or waived, or such later time as agreed between the parties.
Completion and pre-Completion conduct	For the period up to Completion, the sellers must carry on the business in all material respects in the ordinary course. The sellers are subject to customary restrictions and undertakings in respect of their pre-Completion conduct.
Representations and warranties	<p>The sellers give customary representations and warranties relating to the business and the assets, which are subject to customary exclusions, time limits and financial thresholds.</p> <p>Claims by AUCloud may be set-off against the deferred consideration (which is payable 180 days after Completion) and AUCloud has the ability to force the sale of the consideration shares to satisfy any claim to the extent that the claim amount exceeds the deferred consideration.</p>

d. Summary of Underwriting Agreement

The Company has entered into the Underwriting Agreement with the Lead Manager. Unless otherwise specified in this summary, capitalised (but undefined) terms have the meaning given in the Underwriting Agreement.

The Company is required to pay the Lead Manager the following fees:

- an underwriting fee equal to 1.5% of the proceeds raised under the underwritten component of the Entitlement Offer;
- a management and selling fee equal to 4.50% of the Institutional Entitlement Offer Proceeds, less any proceeds contributed by NEXTDC, its directors and their respective associates (**Excluded Parties**);
- a management and selling fee equal to 4.50% of that part of the Retail Entitlement Offer Proceeds that settle on the Retail Settlement Date less any proceeds contributed by Excluded Parties; and
- a management fee equal to 1.5% of the proceeds raised from any shortfall shares acquired by NEXTDC on the NEXTDC Balance Settlement Date.

The Company must also pay to, or reimburse, the Lead Manager for its reasonable expenses including legal costs and out-of-pocket expenses incurred in relation to the Offer. The Underwriting Agreement contains customary representations, warranties and indemnities in favour of the Lead Manager.

The Lead Manager may terminate the Underwriting Agreement and be released from its obligations on the occurrence of certain events, including (but not limited to – and in summary form only) if:

- the Company ceases to be admitted to the official list of the ASX or the Company's shares cease to be quoted on the ASX or it is announced by the ASX or the Company that such an event will occur;
- the Company or a subsidiary which represents 5% or more of the consolidated assets or earnings of the Company or its Related Bodies Corporate (as that term is defined in the Corporations Act) becomes insolvent;
- the Company withdraws all or part of the Offer;
- ASIC or any government agency commences an investigation or proceeding against the Company in relation to the Offer which is not withdrawn within 3 business days; or
- the S&P/ASX Small Ordinaries Index falls 10% on any two consecutive business days after the date of the Underwriting Agreement and on or before the retail settlement date or at the close of trading on the business day prior to the institutional settlement date or retail settlement date.

The Lead Manager may also terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events where the Lead Manager has reasonable grounds to believe and does believe that the event has either given rise to, or could reasonably be expected to give rise to, a contravention by or a liability of the Lead Manager, or has had or is likely to have, a material adverse effect on:

- the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of the Company or its Related Bodies Corporate;
- the success or outcome of the Offer;
- the willingness of investors to subscribe for shares under the Offer;
- the likely price at which shares issued under the Offer will trade on the ASX; or
- the ability of the Lead Manager to market, promote or effect settlement of, the Offer (**Materially Adverse Events**)

Some (but not all) of those Materially Adverse Events are described below (in summary form only):

- the Company fails to perform or observe any of its obligations under the Underwriting Agreement;
- the Company commits a breach of the Corporations Act, ASX Listing Rules, the Constitution or other applicable laws;
- an adverse change, in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospects of the Company occurs;
- legal proceedings against the Company, any or its Related Bodies Corporate, or against any director of the Company or its Related Bodies Corporate or any regulatory body commences any enquiry or public action against the Company or its Related Bodies Corporate;
- an Acquisition Agreement is breached in circumstances where the breach has, or would be likely to have a material adverse effect on the outcome of the Offer;
- an Acquisition Agreement is amended in a material respect without the consent of the Lead Manager (with such consent not to be unreasonably withheld or delayed);
- a condition to completion of an Acquisition Agreement becomes, in the reasonable opinion of the Lead Manager, incapable of satisfaction by the time required for its satisfaction; or
- there is a disruption in financial markets including, a general moratorium on commercial banking activities in Australia, New Zealand, the United States, Japan, Singapore, the United Kingdom, a member state of the European Union or the People's Republic of China.

d. Summary of sub-underwriting arrangements and pre-commitments



Certain existing shareholders have entered into agreements to sub-underwrite the shortfall arising under the Entitlement Offer, in addition to commitments to take up their entitlements under the Entitlement Offer in full or in part, as follows:

- NEXTDC has committed to subscribing for up to \$12.6 million under the Entitlement Offer, by taking up its full entitlement under the Institutional Entitlement Offer under the terms of a Commitment Letter and sub-underwriting part of the Retail Entitlement Offer to an amount of approximately \$2.5 million under the terms of a Sub-Underwriting Letter; and
- Cathie Reid (Chair), Peter Maloney (Managing Director and CEO) and Ross Walker (Director) have committed to take up their entitlements under the Institutional Entitlement Offer in full or in part and/or to sub-underwrite part of the Retail Entitlement Offer, under the terms of Sub-Underwriting Letters.

The Commitment Letters and Sub-Underwriting Letters are on standard market terms for documents of this nature. The sub-underwriters will not be paid any fees in relation to these sub-underwriting arrangements.

If the Lead Manager exercises its right to terminate the Underwriting Agreement as a result of a termination event noted on the previous slide, the above sub-underwriting arrangements and commitments with NextDC and the Company's directors will also be terminated.

e. Foreign Selling Restrictions

This document does not constitute an offer of entitlements (**Entitlements**) or New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold in the institutional entitlement offer, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO).

Accordingly, this document may not be distributed, and the Entitlements and the New Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the **SFO** and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**).

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the Entitlements and the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire such securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

f. FY23A MergeCo Summary Financials by entity



\$m	AUCloud ¹ Audited FY23A	Venn IT ² Unaudited FY23A	Arado ² Unaudited FY23A	PCG Cyber ² Unaudited FY23A	MergeCo Aggregate
Revenue	6.5	5.0	7.3	6.5	25.3
Gross Margin %	n/m	91%	72%	100%	50%
EBITDA	(15.7)	0.4	1.0	1.2	(13.1)
Depreciation - ROU Assets	(1.5)	-	-	-	(1.5)
Depreciation - Other Assets	(3.9)	-	-	-	(3.9)
EBIT	(21.1)	0.4	1.0	1.2	(18.5)

1. Represents the audited financial statements of AUCloud for 30 June 2023 2. Represents unaudited financial information adjusted for the revenue recognition requirements of AASB 15 but before AASB 16 adjustments

g. Glossary

Term	Definition
Arado	Business and assets of 'Arado', being Canopy Tools Group Pty Ltd ACN 634 236 909, CT4 Pty Ltd as trustee for the Broadway Mall Trust ACN 136 951 052 and NewBase Computer Services Pty Ltd ACN 010 702 717
AASB	Australian Accounting Standards Board
ACSC	Australian Cyber Security Centre
ARR	Annual Recurring Revenue (ARR) is calculated as the average monthly revenue of the preceding rolling 3 months, multiplied by 4. ARR excludes one-off professional services or project-based revenue.
ARPU	Average Revenue Per User (ARPU) per annum is calculated by dividing ARR by the number of customers
CAPEX	Capital Expenditure
ASIC	Australian Securities & Investment Commission
ASX	Australian Securities Exchange
EGM	Extraordinary general meeting
IP	Intellectual Property
IaaS / SaaS / PaaS	Infrastructure as a Service / Software as a Service / Platform as a Service
IaaS Consumption	The revenue recognised based on the aggregated consumption of the IaaS services, excluding implementation, consulting and setup charges or one off non-recurring charges. In the Company's experience it is reasonable to expect IaaS consumption to be repeated in subsequent periods
IRAP	Infosec Registered Assessors Program
MSP	Managed Service Provider
MSSP	Managed Security Service Provider
MDR / EDR / XDR	Managed Detection & Response / Endpoint Detection & Response / Extended Detection & Response
MergeCo	Combined entity including AUCloud, Venn IT, PCG Cyber and the Arado business
NEXTDC	NEXTDC Ventures Holdings No. 1 Pty Ltd ACN 655 243 057
PCG Cyber	PCG Cyber Pty Ltd ACN 634 409 671
Targets	PCG Cyber, Venn IT and the Arado business collectively
SOV	Sovereign Cloud Holdings Limited ACN 622 728 189 (ASX : SOV)
VennIT	Venn IT Solutions Pty Ltd ACN 604 036 900



Sovereign Cloud Holdings Limited

ersonal use only



4. Additional Information

4.1 Not investment advice or financial product advice

The information in this Retail Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. The Company is not licensed to (and does not) provide financial product advice in respect of the New Shares or Additional Shares.

The information in this Retail Offer Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares or Additional Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of New Shares, the subject of the Retail Entitlement Offer. If, after reading this Retail Offer Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

4.2 Past performance

Past performance and pro-forma historical financial information given in this Retail Offer Booklet is provided for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. The historical information in this Retail Offer Booklet is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX which can be accessed at www.asx.com.au.

4.3 Notice to nominees and custodians

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not), institutional Shareholders who were treated as ineligible institutional investors under the Institutional Entitlement Offer and Ineligible Retail Shareholders.

4.4 Foreign jurisdictions

The Retail Entitlement Offer is only being extended to Shareholders with a registered address in Australia or New Zealand (unless otherwise determined by the Company). This document (and the accompanying Entitlement and Acceptance Form) does not constitute an offer of securities in the Company in any jurisdiction in which such an offer would be illegal.

The distribution of this document (and the accompanying Entitlement and Acceptance Form) (including electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this information, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

To the extent that a Shareholder holds Shares on behalf of another person outside Australia and New Zealand, it is that Shareholder's responsibility to ensure that any acceptance complies with all applicable foreign laws.

4.5 New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021. The offer of New Shares is renounceable in favour of members of the public.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

4.6 Governing law

The information in this Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Retail Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Shareholder who applies for New Shares and Additional Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

4.7 Taxation

You should be aware that there may be taxation implications associated with participating in the Retail Entitlement Offer and receiving New Shares (and Additional Shares).

The Company does not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares (and Additional Shares) under the Retail Entitlement Offer. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to New Shares.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares (and Additional Shares) under this Retail Offer Booklet.

5. Glossary

Term	Meaning
Acquisitions	The proposed acquisition by the Company's wholly owned subsidiary Sovereign Cloud Australia Pty Ltd ACN 611 181 830 of: (i) the entire issued share capital of PCG Cyber; (ii) the entire issued share capital of Venn IT; and (iii) the Arado Business
Acquisition Agreements	The agreements entered into by the Buyer and the applicable sellers, to effect the Acquisitions
Additional Shares	Has the meaning given in Section 1.1
Applicant	An Eligible Retail Shareholder who validly applies for New Shares (and, if applicable, Additional Shares) under the Retail Entitlement Offer in accordance with this Retail Offer Booklet
Application	An application made on a personalised Entitlement and Acceptance Form to apply for New Shares (and, if applicable, Additional Shares) under the Retail Entitlement Offer in accordance with this Retail Offer Booklet
Application Monies	Money submitted by Applicants under the Retail Entitlement Offer
Arado Business	The business conducted by Canopy Tools, CT4 Pty Ltd as trustee for the Broadway Mall Trust ACN 136 951 052 and NewBase Computer Services Pty Ltd ACN 010 702 717, being the provision of cloud services and managed services across Australia, as well as all tangible and intangible assets, rights and licences owned and used in that business
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691), or the financial market operated by it, as the context requires
ASX Listing Rules	The official listing rules of ASX, as amended or waived from time to time
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532)
AUD, \$ or Australian dollar or cent	The lawful currency of the Commonwealth of Australia
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
Board	The board of directors of the Company from time to time
Buyer	The Company's wholly owned subsidiary, Sovereign Cloud Australia Pty Ltd ACN 611 181 830
Canopy Tools	Canopy Tools Group Pty Ltd ACN 634 236 909
CHESS	Clearing House Electronic Subregister System operated in accordance with the Corporations Act
Company	Sovereign Cloud Holdings Limited ACN 622 728 189
Consideration Shares	The Shares required to be issued by the Company to satisfy the aggregate \$8.85 million worth of share-based consideration owed to the sellers under the Acquisition Agreements

Constitution	The Company's constitution
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CRN	Customer Reference Number
Director or Directors	A member of the Board from time to time
EGM	The extraordinary meeting of Shareholders convened by the Company to be held on 24 April 2024.
Eligible Institutional Shareholders	Institutional Shareholders who (i) if they are in Australia are either a sophisticated investor or a professional investor within the meaning of section 708(8) or 708(11) of the Corporations Act, respectively or (ii) if they are outside of Australia they otherwise satisfy the applicable criteria in certain jurisdictions
Eligible Retail Shareholders	Retail Shareholders with a registered address in Australia or New Zealand as at the Record Date and who otherwise satisfy the eligibility criteria under Section 1.8
Entitlement	The number of New Shares that an Eligible Retail Shareholder is entitled to apply for under the Retail Entitlement Offer, as determined by the number of Shares held by that Eligible Retail Shareholder on the Record Date
Entitlement Offer	The accelerated renounceable entitlement offer of New Shares in the ratio of 2.95 New Shares for every 1 Share held on the Record Date
Entitlement and Acceptance Form	The relevant personalised form accompanying this Retail Offer Booklet which Eligible Retail Shareholders may use to apply for New Shares (and, if applicable, Additional Shares)
Excluded Parties	The Directors, NEXTDC and their respective associates
Foreign Selling Restrictions	Refer to Section 4.4
Group	The Company and its subsidiaries and affiliates
HIN	Holder Identification Number
IFRS	International Financial Reporting Standards
Ineligible Foreign Shareholders	Retail Shareholders who are in the United States or are a US Person, or have registered addresses outside Australia and New Zealand (unless otherwise determined by the Company)
Ineligible Retail Shareholders	Retail Shareholders who do not satisfy each of the criteria under section 1.8 including Ineligible Foreign Shareholders
Institutional Allotment Date	The allotment date of the New Shares issued under the Institutional Entitlement Offer
Institutional Entitlement Offer	The institutional component of the Entitlement Offer
Investor Presentation	The investor presentation included in Section 3 of this Retail Offer Booklet
Lead Manager	Ord Minnett Limited ACN 002 733 048 (AFSL 237121)
New Shares	The Shares offered under the Entitlement Offer which will rank equally with existing Shares from the date of issue
NEXTDC	NEXTDC Ventures Holdings No. 1 Pty Ltd ACN 655 243 057, a wholly owned subsidiary of NEXTDC Limited (ASX:NXT)

Offer Price	The price payable for a New Share (or Additional Share, if applicable) under the Entitlement Offer, being \$0.03 per New Share
Options	Means a minimum of 69 million and a maximum of 74 million options over Shares that the Company proposes to issue under the Company's new long term incentive plan.
PCG Cyber	PCG Cyber Pty Ltd ACN 634 409 671
Record Date	The record date for the Retail Entitlement Offer, being 7:00pm (Sydney time) on 21 March 2024
Retail Allotment Date	The date New Shares are allotted under the Retail Entitlement Offer, being 18 April 2024
Retail Entitlement Offer	The retail component of the Entitlement Offer
Retail Entitlement Offer Period	The period between the date that the Retail Entitlement Offer opens to the Closing Date, being 25 March 2024 to 10 April 2024 (inclusive).
Retail Shortfall Bookbuild	Has the meaning given in section 1.5
Retail Premium	Has the meaning given in section 1.5
Retail Shortfall Facility	If there is a Shortfall, the facility under which Eligible Retail Shareholders may apply for New Shares in excess of their Entitlement
Retail Shortfall Shares	New Shares issued pursuant to the Retail Shortfall Facility
Share	A fully paid ordinary share in the capital of the Company
Shareholder	The registered holder of a Share
Share Registry	Link Market Services Limited ACN 083 214 537
Shortfall	New Shares that are not taken up by Eligible Retail Shareholders under the Retail Entitlement Offer
SRN	Security Reference Number
Underwriting Agreement	Has the meaning given in Section 2.5
US Person	US Person as defined in Rule 902(k) of Regulation S under US Securities Act
U.S. Securities Act	United States Securities Act of 1933, as amended
Venn IT	Venn IT Solutions Pty Ltd ACN 604 036 900
VWAP	Has the meaning given to that term in Chapter 19 of the ASX Listing Rules.

Corporate directory

Address

C/- Pitcher Partners
Central Plaza One, Level 38
Brisbane QLD 4000

Registered office

C/- Pitcher Partners
Central Plaza One, Level 38
Brisbane QLD 4000

Directors / Senior management

Catherine Reid	Non-executive Director and Chair
Peter Maloney	Managing Director and Chief Executive Officer
Craig Scroggie	Non-executive Director
Ross Walker	Non-executive Director
Philip Dawson	Executive Director
Michelle Crouch	Company Secretary and Chief Financial Officer

Website

<https://www.australiacloud.com.au/>

Stock exchange listing

Company's Shares are listed on ASX (code 'SOV')

Lead Manager

Ord Minnett Limited ACN 002 733 048
Grosvenor Place
Level 18, 225 George Street
Sydney NSW 2000

Australian legal adviser

Maddocks
Level 27, Angel Place
123 Pitt Street
Sydney NSW 2000

Share Registry

Link Market Services Limited ACN 083 214 537
Locked Bag A14
Sydney South NSW 1235

Shareholder information line

P: 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia)
Open 8.30am to 5.30pm (Sydney time) Monday to Friday (during the Retail Entitlement Offer Period)



Sovereign Cloud Holdings Limited

ABN 80 622 728 189

All Share Share Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
SOV Offer Information Line: 1800 282 568
From outside Australia: +61 1800 282 568
ASX Code: SOV
Website: www.linkmarketservices.com.au

IID:
SRN/HIN:
Entitlement Number:
Number of Shares held as at the Record Date, 7:00pm (Sydney time) on 21 March 2024:
Entitlement (on a 2.95 New Shares for 1 Share basis):
Amount payable on full acceptance at A\$0.03 per New Share:

Retail Entitlement Offer Closes:
5:00pm (Sydney time) Wednesday, 10 April 2024

ENTITLEMENT AND ACCEPTANCE FORM

On 18 March 2024, Sovereign Cloud Holdings Limited ACN 622 728 189 (the Company) announced that it was conducting a capital raising by way of an accelerated renounceable pro-rata entitlement offer, comprising an accelerated institutional entitlement offer and a retail entitlement offer (Retail Entitlement Offer). As an Eligible Retail Shareholder you are entitled to subscribe for 2.95 New Shares for every 1 existing Share that you hold on the Record Date, at an Offer Price of A\$0.03 per New Share. You may also apply for Additional Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. It has been personalised for you. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Retail Entitlement Offer is being made under the Retail Offer Booklet dated 25 March 2024 (Offer Booklet). The Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet. Unless otherwise defined in this document, capitalised terms used in this document have the meaning given to them in the Offer Booklet. If you do not wish to subscribe for New Shares under the Offer, there is no need to take any action.

PAYMENT OPTIONS – If you wish to take up all or part of your Entitlement, you have the payment option detailed below.

OPTION 1: PAYING BY Bpay®

If paying by Bpay®, refer to the instructions overleaf. You do NOT need to return this acceptance form if you elect to make payment by Bpay®. Payment must be received via Bpay® before 5:00pm (Sydney time) on, Wednesday, 10 April 2024. You should check the processing cut off-time for Bpay® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry in time. By paying by Bpay® you will be deemed to have completed an Application Form for the number of New Shares and Additional Shares the subject of your application payment.



Billers Code: 408401

Ref:

Telephone & Internet Banking – Bpay®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

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HOW TO ACCEPT THE RETAIL ENTITLEMENT OFFER

STEP 1. Decide the number of New Shares you wish to apply for.

Form for Step 1: A Entitlement (all or part of your Entitlement shown above), B Additional Shares applied for above your Entitlement, C Total number of New Shares and Additional Shares applied for (add Boxes A and B). Includes input boxes and a plus sign.

STEP 2. Calculate your Application Monies.

Form for Step 2: D Total number of New Shares and Additional Shares applied for (see C above), E Offer Price, F Application Monies. Includes input boxes, a multiplication sign, and the value A\$0.03.

For example: 10,000 Shares x A\$0.03 = A\$300.00

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

SOV EAC001

SOV EAC001

SOVEREIGN CLOUD HOLDINGS LIMITED

The Retail Entitlement Offer to which this Entitlement and Acceptance Form relates is only made to those persons who:

- are registered as a holder of shares in the Company as at the Record Date, being 7:00pm (Sydney time) on 21 March 2024;
- as at the Record Date, have a registered address on the Company's Share register in Australia or New Zealand, or are a Shareholder that the Company has otherwise decided is entitled to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

This Entitlement and Acceptance Form and the Offer Booklet do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, or in any other jurisdiction in which such offer would be illegal. This Entitlement and Acceptance Form may not be distributed or released in the United States. New Shares sold in the Retail Entitlement Offer have not been and will not be registered under the U.S Securities Act of 1933, as amended (US Securities Act) or under the securities laws of any state or other jurisdiction of the United States.

ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form with payment to the Share Registry, or making payment received by Bpay®:

- that you have read and understood the Offer Booklet and this Entitlement and Acceptance Form and that you acknowledge the matters, and make the declarations, warranties and representations contained within the Offer Booklet;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Sovereign Cloud Holdings Limited;
- you represent and warrant that you understand that the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other state or jurisdiction of the United States and the New Shares may not be offered or sold, directly or indirectly in the United States or to persons that are acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States); and
- you represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Retail Entitlement Offer in respect of that person), and you are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer and under any applicable laws and regulations.

2. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

When paying by Bpay® you do not need to complete or return the Entitlement and Acceptance Form. You should check the processing cut off-time for Bpay® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry by the close of the Retail Entitlement Offer.

Sovereign Cloud Holdings Limited reserves the right not to process any Entitlement and Acceptance Forms received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Sovereign Cloud Holdings Limited Offer Information Line on 1800 282 568 (within Australia) or +61 1800 282 568 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

HOW TO APPLY FOR NEW SHARES

1. WHEN PAYING BY Bpay® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

When you elect to make payment using Bpay® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by Bpay®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares and Additional Shares you wish to apply for by A\$0.03.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional Shares

You can apply for more New Shares than your Entitlement. Please enter the number of Additional Shares above your Entitlement for which you wish to apply into Box B. Your Application for Additional New Shares may not be successful (wholly or partially). The decision of Sovereign Cloud Holdings Limited on the number of New Shares (including Additional Shares) to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares (Including Additional Shares) Applied for

To calculate total number of New Shares (including Additional Shares) subscribed for, add Box A and Box B and enter this in Box C.

D. Total Number of New Shares (Including Additional Shares) Applied for

Copy the number from Box C.

F. Payment Amount

Enter into section F the total amount payable by you. To calculate the total amount multiply the number in Section D by A\$0.03.



Sovereign Cloud Holdings Limited

ABN 80 622 728 189

All Share Share Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
SOV Offer Information Line: 1800 282 568
From outside Australia: +61 1800 282 568
ASX Code: SOV
Website: www.linkmarketservices.com.au

IID:
SRN/HIN:
Entitlement Number:
Number of Shares held as at the Record Date, 7:00pm (Sydney time) on 21 March 2024:
Entitlement (on a 2.95 New Shares for 1 Share basis):
Amount payable on full acceptance at A\$0.03 per New Share:

Retail Entitlement Offer Closes:
5:00pm (Sydney time) Wednesday, 10 April 2024

ENTITLEMENT AND ACCEPTANCE FORM

On 18 March 2024, Sovereign Cloud Holdings Limited ACN 622 728 189 (the Company) announced that it was conducting a capital raising by way of an accelerated renounceable pro-rata entitlement offer, comprising an accelerated institutional entitlement offer and a retail entitlement offer (Retail Entitlement Offer). As an Eligible Retail Shareholder you are entitled to subscribe for 2.95 New Shares for every 1 existing Share that you hold on the Record Date, at an Offer Price of A\$0.03 per New Share. You may also apply for Additional Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. It has been personalised for you. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Retail Entitlement Offer is being made under the Retail Offer Booklet dated 25 March 2024 (Offer Booklet). The Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet. Unless otherwise defined in this document, capitalised terms used in this document have the meaning given to them in the Offer Booklet. If you do not wish to subscribe for New Shares under the Offer, there is no need to take any action.

PAYMENT OPTION – If you wish to take up all or part of your Entitlement, you have the following payment options.

Option 1: Paying by Bpay®

If paying by Bpay®, refer to the instructions overleaf. You do NOT need to return this acceptance form if you elect to make payment by Bpay®. Payment must be received via Bpay® before 5:00pm (Sydney time) on, Wednesday, 10 April 2024. You should check the processing cut off-time for Bpay® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry in time. By paying by Bpay® you will be deemed to have completed an Application Form for the number of New Shares and Additional Shares the subject of your application payment.

Option 2: Paying by EFT Payment

As an investor in New Zealand, you may pay via EFT and complete and return this Entitlement and Acceptance Form once your Application Payment has been made by EFT. Completed Entitlement and Acceptance Forms must be emailed to capitalmarkets@linkmarketservices.com.au.

- 1. Enter the number of New Shares applied for. You may also apply for Additional Shares in excess of your Entitlement under the Retail Shortfall Facility.
2. Work out your payment amount. To calculate the total amount, multiply the number of New Shares and Additional Shares you wish to apply for by A\$0.03.
3. Payment must be received in cleared funds before 5:00pm (Sydney time) on Wednesday, 10 April 2024. You must use your SRN/HIN as the reference number for your deposit. If you do not use your SRN/HIN, your application will not be able to be processed. You will also need to ensure that you are aware of any transfer fees with your Financial Institution as we are only able to process the AUD funds received.
4. Enter your contact telephone number at which we may contact you regarding the application for New Shares and Additional Shares, if necessary. See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance form.

Account Name: PCPL - ITF SOVEREIGN CLOUD HOLDINGS LIMITED
BSB: 062-028
Account No: 12277705
Swift Code for Inbound Deposits from Overseas: CTBAAU2SXXX



Biller Code: 408401

Ref:

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- A Number of New Shares applied for and accepted (being not more than your Entitlement shown above)
B Number of Additional Shares applied for above your Entitlement
C Total number of New Shares and Additional Shares applied for (add Boxes A and B)

Form with three input boxes for A, B, and C, separated by + and = signs.

D Application Monies (Multiply the number in section C by A\$0.03)

A\$ followed by an input box for application monies.

E Date of Submission

Input box for Date of Submission.

Reference on payment

Input box for Reference on payment.

F Telephone Number – Business Hours

Input box for Telephone Number – Business Hours.

Telephone Number – After Hours

Input box for Telephone Number – After Hours.

Contact Name

Input box for Contact Name.

SOVEREIGN CLOUD HOLDINGS LIMITED

The Retail Entitlement Offer to which this Entitlement and Acceptance Form relates is only made to those persons who:

- are registered as a holder of shares in the Company as at the Record Date, being 7:00pm (Sydney time) on 21 March 2024;
- as at the Record Date, have a registered address on the Company's Share register in Australia or New Zealand, or are a Shareholder that the Company has otherwise decided is entitled to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

This Entitlement and Acceptance Form and the Offer Booklet do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, or in any other jurisdiction in which such offer would be illegal. This Entitlement and Acceptance Form may not be distributed or released in the United States. New Shares sold in the Retail Entitlement Offer have not been and will not be registered under the U.S Securities Act of 1933, as amended (US Securities Act) or under the securities laws of any state or other jurisdiction of the United States.

ACCEPTANCE OF offer

By returning the Entitlement and Acceptance Form with payment to the Share Registry, or making payment received by Bpay®:

- that you have read and understood the Offer Booklet and this Entitlement and Acceptance Form and that you acknowledge the matters, and make the declarations, warranties and representations contained within the Offer Booklet;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Sovereign Cloud Holdings Limited;
- you represent and warrant that you understand that the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other state or jurisdiction of the United States and the New Shares may not be offered or sold, directly or indirectly in the United States or to persons that are acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States); and
- you represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Retail Entitlement Offer in respect of that person), and you are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer and under any applicable laws and regulations.

1. HOW TO APPLY FOR NEW SHARES

PAYING BY Bpay® (available to Shareholders with an Australian bank account only)

If you elect to make payment using Bpay® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by Bpay®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares and Additional Shares you wish to apply for by A\$0.03.

2. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

When paying by Bpay® you do not need to complete or return the Entitlement and Acceptance Form. You should check the processing cut off-time for Bpay® transactions with your bank, credit union or building society to ensure your payment will be received by the Share Registry by the close of the Retail Entitlement Offer no later than 5:00pm (Sydney time) on Wednesday, 10 April 2024.

If paying by EFT, complete and return this Application Form once your Application Payment has been made by EFT. Completed Application Forms MUST be emailed to capitalmarkets@linkmarketservices.com.au.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Sovereign Cloud Holdings Limited Offer Information Line on 1800 282 568 (within Australia) or +61 1800 282 568 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares and Additional Shares that you wish to apply for in respect of that holding.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional Shares

You can apply for more New Shares than your Entitlement. Please enter the number of Additional Shares above your Entitlement for which you wish to apply into Box B. Your Application for Additional Shares may not be successful (wholly or partially). The decision of Sovereign Cloud Holdings Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares (Including Additional Shares) Applied for

To calculate total number of New Shares (including Additional Shares) subscribed for, add Box A and Box B and enter this in Box C.

D. Payment Amount

Work out your payment amount. To calculate the total amount, multiply the number of New Shares (including Additional Shares) you wish to apply for by A\$0.03.

PAYING BY EFT PAYMENT

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional Shares

You can apply for more New Shares than your Entitlement. Please enter the number of Additional Shares above your Entitlement for which you wish to apply into Box B. Your Application for Additional Shares may not be successful (wholly or partially).

C. Total Number of New Shares Applied for

To calculate total number of New Shares (including Additional Shares) subscribed for, add Box A and Box B and enter this in Box C.

D. Payment Amount

Work out your payment amount. To calculate the total amount, multiply the number of New Shares (including Additional Shares) you wish to apply for by A\$0.03 and enter this into section D. The decision of Sovereign Cloud Holdings Limited on the number of New Shares (including Additional Shares) to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

E. Submission Date and Payment Reference

You should enter the date you submitted your EFT payment along with the payment referenced used. This will ensure we receive and process your application.

F. Contact Details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares and Additional Shares, if necessary.

25 March 2024

Dear Shareholder,

**PRO-RATA ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER
NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

On 18 March 2024, Sovereign Cloud Holdings Limited ACN 622 728 189 (**SOV** or **Company**) announced that it was conducting a capital raising by way of an accelerated renounceable pro-rata entitlement offer, comprising an accelerated institutional entitlement offer (**Institutional Entitlement Offer**) and a retail entitlement offer (**Retail Entitlement Offer**) (together the, **Entitlement Offer**) at an issue price of A\$0.03 for each new share (**New Share**) to raise up to approximately A\$30 million.

This is a letter to inform you that you are not an Eligible Shareholder (as defined below) for the purposes of the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. **You are not required to do anything in response to this letter.**

Retail Entitlement Offer

The Retail Entitlement Offer is made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73).

The Company lodged a retail offer booklet with the ASX market announcements platform on 25 March 2024 (**Retail Offer Booklet**). Capitalised terms used but not defined in this letter, have the meanings given to them in the Retail Offer Booklet.

The Entitlement Offer is lead managed and partially underwritten up to A\$26.6 million by Ord Minnett Limited ACN 002 733 048 AFSL 237121.

The Retail Offer Booklet together with an accompanying personalised entitlement and acceptance form for the Retail Entitlement Offer will be sent to Eligible Shareholders (as defined below) on or around 25 March 2024. The New Shares issued under the Retail Entitlement Offer will rank equally with all existing fully paid ordinary shares in the Company (**Shares**) already on issue.

Eligibility criteria

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

- (a) are registered as holders of Shares as at 7.00pm (Sydney time) on 21 March 2024 (**Record Date**); and
- (b) have a registered address on the Company share register in Australia or New Zealand as at the Record Date; and
- (c) are not in the United States and are not a US Person or acting for the account or benefit of a person in the United States or a US Person; and
- (d) did not receive an offer (other than as nominee) under the Institutional Entitlement Offer and were not treated as an ineligible institutional Shareholder under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.

Shareholders who are not Eligible Shareholders are “**Ineligible Shareholders**”.

The Company has determined, pursuant to section 9A of the Corporations Act and ASX Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers under the Retail Entitlement Offer to investors who are holders of Shares and who are in the United States or have registered addresses outside Australia or New Zealand (i.e. Ineligible Shareholders), having regard to the number of such holders in those places, the number and value of New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, the Company wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

Treatment of Ineligible Shareholders' entitlements

Entitlements not taken up under the Retail Entitlement Offer and entitlements of Ineligible Securityholders will be sold into a bookbuild for the Retail Entitlement Offer (**Retail Offer Bookbuild**).

If the amount per New Share realised in the Retail Shortfall Bookbuild exceeds the Offer Price of \$0.03, the excess, less expenses and any applicable withholding tax (**Retail Premium**), will be paid pro rata to each Ineligible Securityholder and to each Eligible Retail Securityholder to the extent they did not accept their Entitlement under the Retail Entitlement Offer in full. However, there is no guarantee that any such Shareholder will receive any proceeds as a result of the Retail Shortfall Bookbuild.

Any Retail Premium (if any) you receive in respect of the Entitlements will be remitted as a cash payment to you.

You are not required to do anything in response to this letter

If you have any questions in relation to any of the above matters please contact the Company on its shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) between 8.30am to 5.30pm (Sydney time) Monday to Friday (during the Retail Entitlement Offer period).

On behalf of the Company, we regret that you are not eligible to participate in the Retail Entitlement Offer and thank you for your continued support.

Yours faithfully,



Cathie Reid
Chairperson